



Daily Report

Latin America

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Cuba

Ministry Said To Receive No Request for Vesco Extradition

PA1506202995 Havana PRENSA LATINA in Spanish
1935 GMT 15 Jun 95

[FBIS Translated Text] Havana, 15 Jun (PL) — It was reported today that Cuba has received no official request from the United States for the extradition of U.S. financier Robert Vesco, who was under investigation here on charges of being a special foreign services and provocateur agent.

Cuban Foreign Ministry Spokesman Rafael Dausa said during a news conference that his ministry has not received any formal request for Vesco's extradition to the United States. Vesco has been a resident of Cuba since 1982 for humanitarian reasons.

If this (request) is made, the government would analyze it, of course, just as it does with all similar cases, Dausa said. He said the Cuban authorities have not offered to extradite Vesco either.

Spokesman Comments on Vesco, U.S. Revising Reprisals

PA1606043195 Havana Radio Havana Cuba
in Spanish 0000 GMT 16 Jun 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Ministry spokesman Rafael Dausa reported in Havana this Thursday [15 June] that the Cuban Government has received no official U.S. Government request to extradite U.S. financier Robert Vesco, who is being investigated for suspected activities as a provocateur agent at the service of foreign special services.

In a news conference, Dausa said the Foreign Ministry has received no formal U.S. request to return Vesco to his home country. He has been residing in Cuba since 1982 for humanitarian reasons.

Answering newsmen's questions about the revision by Washington of the reprisals that President Clinton took against Cuba in August 1994, Dausa said that people should not speculate on events that have not taken place and that such occurrences will be discussed when they do happen.

On Wednesday, White House spokesman Michael McCurry said that Washington is currently revising the package of measures and reprisals adopted in August last year, measures that limited family remittances from the United States as well as regular flights between the two countries.

Government Skeptical About U.S. Lifting Some Sanctions

PA1606033395 Mexico City NOTIMEX in Spanish
1914 GMT 15 Jun 95

[FBIS Translated Text] Havana, 15 Jun (NOTIMEX) — The Cuban Government has greeted with skepticism the announcement that the United States is planning to lift several economic sanctions against Cuba. This is reportedly a first step toward improving relations between the two countries.

Rafael Dausa, a Cuban Foreign Ministry spokesperson said "we cannot speculate about things that have not yet happened. As soon as it happens, then we can talk."

White House Spokesperson Michael McCurry yesterday told reporters that Washington is reviewing a package of sanctions that were imposed in August of 1994 "in response to positive news of political and economic changes in Cuba."

The statement came as Cuba announced legal changes granting small private business more elbow room and just weeks after the unconditional release of six political prisoners.

President William Clinton imposed the measures during the "rafter crisis." Dausa said they are "as absurd as the economic blockade," which the United States imposed against Cuba back in the sixties.

Clinton ordered a reduction in the amount of money people could send from the United States to their relatives in Cuba. He also limited the number of regular flights between the two countries from 10 to four per week.

The Cuban spokesperson said that, despite the announcement by McCurry, the U.S. Congress is still discussing a bill presented by Senator Jesse Helms and Representative Dale Burton, which would increase sanctions against the island.

Dausa recalled that a last-minute change was included in the bill that would bar the U.S. Government from lifting the August 1994 sanctions if Cuba fails to meet certain conditions.

McCurry said that the "positive changes" the United States has seen in Cuba "should have a carefully balanced response" and that "everything is being examined and taken into account."

Sherrit Among 4 on U.S. Blockade 'Blacklist'*FL1506164595 Havana Radio Rebelde Network
in Spanish 2300 GMT 14 Jun 95*

[From the "Exclusive" program]

[FBIS Translated Text] An article in THE WALL STREET JOURNAL stated that the United States seeks to sanction a Canadian firm for operating in Cuba. An official from the Canadian Foreign Affairs and International Trade Department rejected such pressure. According to the U.S. newspaper, the Treasury Department has included the Sherrit Corporation — which has established four joint enterprises in Cuba — on the blacklist. The official, (Charles Laravie) described the action as an unjustifiable extension of U.S. laws against a Canadian company. The United States seeks to place sanctions on all foreign businesses that trade with or establish businesses in Cuba. Canadian firms lost no time in investing in this country when Cuba opened up to foreign capital and the government instituted other measures to facilitate foreign investment. Canada has rejected the economic blockade against Cuba throughout its three decades of existence.

Commentary: Senator Helms' God Looks 'Like Satan'*FL1506164695 Havana Radio Rebelde Network
in Spanish 1155 GMT 15 Jun 95*

["Our Opinion" commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Years ago, Senator Jesse Helms told his official biographer that he felt that everything he did was guided by God and that his only goal was to make it into heaven. In other words, Jesse Helms is a religious man, who like many others in the United States, feels compelled to do God's will. The only thing is that Helms' God has very reactionary ideas, and throughout his 22 years as a senator, the things God has instructed him to do have coincided with the interests of the landlords of his state, North Carolina, or those of the U.S. far right.

Therefore, Helms adamantly opposed the Civil Rights movement and racial integration in the United States, fighting against the Civil Rights Law of 1964 and the creation of a national holiday honoring the Reverend Martin Luther King. As a member of the Senate's Foreign Relations Committee, Helms supported the apartheid regime of South Africa and the white minority government in former Rhodesia, Zimbabwe today. In Latin America, Helms supported death squads in El Salvador, the Contras in Nicaragua, the military in Guatemala, and defended coupist officers in Argentina

and their crimes and tortures, as well as being an ally of the Pinochet dictatorship in Chile, to quote only a few examples.

Helms also spearheaded the opposition to the signing of the Panama Canal treaties. He advocates making abortions illegal, persecuting homosexuality, and introducing mandatory prayers in U.S. schools. He vigorously opposes foreign aid which he has described as throwing money into a pit of foreign rats which go on to oppose the United States in the United Nations. He is also a major defender of U.S. properties abroad.

For many, he is maniac following his own agenda even if it goes against that of his government. According to the NEW YORK TIMES, his performance in the Senate is marked by the headlines made, rather than by the laws passed.

Apparently, Helms has not been able to make God, which according to him guides his steps, show the light to a majority of the legislators. For several Tays it was anticipated that the Divine Will would instruct him to once again present his anti-Cuban bill. He did so yesterday. It was commented that the delay was due to last-minute amendments to soften its extra territorial nature. Yet, the new draft strengthens this aspect. This means that the Divine Will which guides Mr. Helms, wants U.S. laws to be imposed worldwide in detriment of the sovereignty of all other nations. The document stresses a obligatory mandate for the return of U.S. properties in Cuba — and here comes the new part — to Cubans who attained their U.S. citizenship before 1972, rather than all. Next, it states that the blockade will not be lifted until every Cuban-American has received back their former properties or have been properly compensated. Likewise, the bill prohibits the purchase by the United States of any product containing any Cuban component. Finally, it states that once the bill is approved into law, the so-called Cuban Democracy Act, better known as the Torricelli Law, will be abrogated.

I do not know if Mr. Helms really believes himself to be a messiah, or if under the cover of religiosity conceals a sick and clearly fascist mind. The truth is that in his wake through the Senate, this advocate of the worst causes, has left a trail of atrocities. I also do not know if in the end the bill will be approved by Congress, forcing President Clinton to either endorse it or veto it. If it is approved, the governments of the world would be forced to reject such imposition.

Helms is one of those men who cherishes the dream of the American Century under a religious cloak. The curious thing is that his God looks too much like Satan.

For Cuba, which yesterday observed the 150th anniversary of the birth of Antonio Maceo, this phrase is more than enough: Whoever tries to take over Cuba will only reap the dust of its soil drenched in blood, if not be killed in the struggle.

It would be nice if someone were to whisper this phrase in Helms' ear, for he is surely not aware of it — at least to let him know the possible consequences next time he gets advice from that God of his.

FAR Threatens 'Rout' if Helms-Burton Supporters Attack

FL1506203195 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] Commander in Chief Fidel Castro sent a message of recognition to the combatants of the 50th Division, the first military unit of the Eastern Army to obtain the Baragua protest combat glory banner. The message was delivered by Division General Nestor Lopez Cuba, chief of the Ministry of the Revolutionary Armed Forces' [FAR] political leadership, who stressed the historical value of this great unit.

[Begin Lopez recording] It was the first unit of its kind to be created, in 1961, two days after the last shot was fired at Giron. We therefore represent the Ministry here in this ceremony because we believe it is important that the people, the community, and the members of this great unit understand how the commander in chief and the Ministry feel. We are therefore pleased to be here today to deliver this congratulatory message in their names, and to assure the unit that the Armed Forces have great confidence in it and its members, and in the historic people of Baragua, Mella Municipality; and that if anyone... [pauses] if those who support the stale notions of the Helms-Burton Bill continue insisting on strengthening the policy and reacting against Cuba, well then, they will have another 22d of October, they will have another 15th of March, and they will have another rout like the one they suffered at Giron — the one they will suffer if they try to attack us. [end recording]

Helms-Burton Bill Revamped To Elude Presidential Veto

FL1606021595 Havana Radio Rebelde Network in Spanish 2300 GMT 15 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] The Helms-Burton Bill reappears on the public scene of the United States after several days of modifications [cuchicheo] — what they call

lobbying over there — to improve its appearance and to get around the presidential veto. The President himself expressed his reservations with several parts of the retrograding document, especially that which complicates the U.S. position with its allies because several of its allies have excellent relations with Cuba.

The Helms-Burton Bill also proposed other barbarisms that seem to have forced its promoters to readapt it to see if they can get it passed under the table. I imagine that now they must have applied lots of mascara, they probably curled its hair, and highlighted its lips with a nice soft color other than red to present it to a senatorial subcommittee. What happens is that even if a monkey dresses in satin, it is still a monkey.

Cubans are not fooled with the new cosmetics of the Helms-Burton bill. That bill is aimed at destroying our independence and sovereignty because it has been conceived by the annexationists. It is aimed at taking away from the Cuban people what we have: the houses we live in; our children's schools; the opportunities for personal progress; and the health facilities created by the Revolution. They seek to destroy all this simply because they seek to make us surrender and return the nation to its former landlords. This is very clear even in the bill itself. Let them believe something else if they want to because the Helms-Burton Bill received a facelift, with makeup and false eyelashes, to see if it could get passed by Congress.

Minrex Describes Chinese Visit as 'Very Successful'

FL1606021195 Havana Radio Rebelde Network in Spanish 2300 GMT 15 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban Ministry of Foreign Relations [Minrex] described the recently concluded visit by Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], as very successful. The statement was made by Rafael Dausa Cespedes, alternate spokesman for the Minrex, during the customary news conference.

[Begin Dausa recording] We believe that relations were strengthened between our two peoples and governments. I believe that from the point of view of relations between the CPPCC and our Parliament, these were greatly strengthened. [end recording]

Likewise, Dausa announced the upcoming visit by Pierre Schori, Swedish Minister of Development Aid, per invitation of our Foreign Minister Roberto Robaina.

[Begin Dausa recording] The main goal of the visit is to analyze the issue of economic cooperation between

Sweden and Cuba as well as other issues of interest for bilateral relations between the two countries. [end recording]

Dausa also referred to other personalities who recently concluded visits to our country and responded to questions by national and foreign reporters at the news conference.

Haiti

OAS General Assembly Discusses Cuba

Port-au-Prince Signal FM Radio in French
1030 GMT 7 Jun 95

[FBIS Translated Text] The United States yesterday rejected OAS Secretary General Cesar Gaviria's criticism of U.S. policy toward Cuba and reaffirmed its point of view that democratization must precede the reintegration of that Caribbean island into the inter-American system.

At the opening of the 27th ordinary session of the OAS, which took place at the National Palace last Monday, Mr. Gaviria said that Cuba deserves an opportunity to rejoin the hemispheric family. He also denounced the fact that the debate on the issue is monopolized by certain extreme positions.

Questioned today on the reasons that led the United States to make the statement it made, State Department spokesman (Christine Shelley) declared that the United States shares the principal...[pauses] the different points of view of Mr. Gaviria, but thinks that Cuba must accept a democratic system before there can be any reintegration into the OAS, from which Cuba was expelled in 1962.

Stressing [words indistinct] during the second plenary session of the OAS General Assembly, yesterday at the Club Med, a number of speakers pronounced themselves in favor of the reintegration of Cuba into the hemispheric organization. The representatives of five countries — Canada, El Salvador, Venezuela, Nicaragua, and Saint Lucia — stressed the need to reintegrate Cuba, excluded from this regional organization back in 1963 at a meeting in Punta del Este. These countries noted that the Cuban regime is in the process of making certain reforms, does not [words indistinct] there is no reason that can justify our adoption of the same attitude toward this sister country.

Questioned on the side at the plenary session, with regard to the Cuban issue, Joao Baena Soares, former secretary general of the OAS, said — as you have heard — that he favors a serious dialogue with the Cuban regime. During a press conference on Tuesday 30 May 1995, the Haitian minister of foreign affairs, Claudette

Werleigh, was somewhat prudent as regards the issue. She limited herself to answering that the Cuban dossier is in the hands of the Caricom member countries.

In another development, Christopher R. Thomas, the outgoing deputy secretary general of the OAS, was reelected yesterday morning to this same position for a five-year period with the possibility of reelection at the end of his second term.

It should be noted that in October 1994, a resolution approved by the members of the UN Security Council by 101 votes in favor and 2 against — the United States and Israel — and 48 abstentions — among them Argentina, El Salvador, Guatemala, Grenada, (?Dominica), and the Dominican Republic — had been in favor of lifting the U.S. embargo against Cuba.

CATH Leader Writes OAS Secretary General

Port-au-Prince Signal FM Radio in French
1030 GMT 9 Jun 95

[FBIS Translated Text] For their part, Jean Auguste Mesyeux and (Alexis Clerius) have taken advantage of the presence in Haiti of OAS Secretary General Cesar Gaviria to write him a letter. In that letter, the two men say that the operation for the financing of the return to democracy advocated by the United Nations can be considered a unique scandal. According to them, it consists of encouraging the systematic pillaging of the world's poorest nation by the richest nation on earth. Not a neutral bystander in the coup d'etat, U.S. officials made periodic withdrawals approved by certain Haitian leaders. But after the return of President Aristide — continue Mesyeux and (Clerius) — these practices, this pillaging, is taking other disturbing forms.

First, in the north close to Cap Rouge, not far from the islet, a small hill was dynamited and the glistening sand has since been being transported to boats daily. The nation's gold is carted off to an unknown destination with no prior agreement. Studies have allegedly been made in certain places — such as Sources Puantes, Thomazeau, Jacmel, near the airport in Fond Baptiste, at the top of Morne La Selle, and other areas in the north. All our resources in ores — gold, sulfur, manganese, silver, calcium, carbonates etc., have reportedly been pillaged, continued this letter. It seems that the economic sanctions imposed on Haiti had as their sole objective to reduce our economy to its simplest terms, which would permit local and international sharks — meaning the World Bank and the IMF — to enrich themselves further at the expense of the nation's most disadvantaged sectors — says the letter, further.

When all is said and done, the undersigned organizations call for an accord between the Haitian Government

and the United Nations to guarantee the integrity of our territorial waters; the integrity of our air space; the (?inviolability) of our documents; our historical monuments; the protection of our mines, these being our property; a minimum of respect for our fundamental rights — and for the historical objects that have been taken away to be repatriated, and for there to be reparation for the wrongs and damages caused.

This letter, dated 7 June 1995 and addressed to the Secretary General of the OAS, who is in Haiti for the 25th OAS General Assembly, is signed by Jean Auguste Mesyeux, secretary for international relations of the Autonomous Organization of Haitian Workers, CATH, and (Alexis Clerius), secretary general of the federations of the associations and (?organized groups).

Complaints About Interim, Multinational Police

Port-au-Prince Signal FM Radio in French
1030 GMT 9 Jun 95

[FBIS Translated Excerpt] Pilgrimage to several different registration sites belonging to the new police academy — in Port-au-Prince and in provincial towns all over Haiti — by a number of people who would like to become policemen. These applicants, assembled [words indistinct], are seeking to obtain for themselves a position in the new national police force. However, many of them denounce the mistreatment to which they are subjected by the interim and by the multinational police. In Petit Goave, young people report that they have been roughed up by furious policemen.

The thing is, the judicial authorities [word or words indistinct] — one of these youths insisted, arguing that the authorities make the sessions humiliating, instead of being helpful to the young people, who wish to contribute to the establishment of a state of law in Haiti. Indignant, one of these young people casts doubt on the criteria for selection. He says that a simple look from the examiner suffices to justify eliminating a candidate.

In statements to [Signal FM reporter] Leontas, this person explains. [passage omitted consisting of recorded excerpt of interview, in Creole, with unidentified man, who discusses a hunger strike]

We have the wrong recording. We will come back later, to this recording of the applicant who, in statements to Leontas, complained about the way this registration is taking place in Petit Goave.

Alleged Desertion of Interim Police Explained

Port-au-Prince Radio Metropole in French
1600 GMT 13 Jun 95

[FBIS Translated Text] We have learned that at least 170 members of the interim police force who were stationed in northern Haiti abandoned their posts last weekend, and some of them took their weapons with them. According to interim police spokesman Lieutenant (Jean Lionel Trecil), this is not a matter of people deserting; it is, rather, a misunderstanding.

This movement might have been caused by the great confusion as regards the fate of the interim policemen who are to be replaced by the new police. And according to a source close to Minuha [UN Mission in Haiti, UNMIH], some members of the interim force, having received transfer orders, chose to abandon their new assignment.

Political Debate at Rex Theater Well Attended

Port-au-Prince Signal FM Radio in French
1030 GMT 14 Jun 95

[FBIS Translated Excerpt] Six main topics dominated the electoral debate organized by the NDI [National Democratic Institute] yesterday at the national theater — among them the matter of dissolving the Haitian Armed Forces [Forces Armees d'Haiti, FADH], privatization, possibly amending the constitution of 1987, and the high cost of living. Four journalists from the capital's radio stations — among them Signal FM Radio — questioned the representatives of the five political parties that are running the most candidates in the upcoming elections.

Except for the RDNP [Assembly of Progressive National Democrats] and Panpra [Nationalist Progressive Revolutionary Party of Haiti], all agree on the need to dissolve the FADH, an institution that — according to Turneb Delpe of the FNCD [National Front for Change and Democracy] — was of no use to the Haitian people.

Conacom [National Congress of Democratic Movements] representative Micha Gaillard, for his part, came out in favor of putting an end to the FADH, but said we should wait for the right moment to do so, because — he explained — the Constitution stipulates two forces for maintaining order: the police and the army. Let's listen to this recording of the statements by Micha Gaillard and of Mrs. [Mirlande] Manigat's answer to [reporter] Leontas's question. [passage omitted consisting of recording with poor audio, in Creole]

Regarding the presence in Haiti of the foreign forces, all the candidates say they expect [esperer] the UNMIH to depart Haiti on the scheduled date — that is, after next December's presidential elections. However, FNCD and

Panpra each have a different understanding of what the socialists call an occupation. Turneb Delpé points out that Haiti is not the only country in which foreigners have landed. However, Delpé makes a distinction between an occupation and UN assistance, while affirming his desire to keep watch to make sure that the agreements concluded between Haiti and the United Nations are respected. [passage omitted consisting of recording with poor audio, in Creole]

For his part, Mr. (Paul Demosthenes) of Panpra took keen issue with his rival's approach; when cornered by the provocations of a hostile audience, Port-au-Prince mayor Evans Paul had to intervene to demand of the crowd an attitude of tolerance. [passage omitted consisting of recording with poor audio, in Creole]

During this debate held under the auspices of the NDI, there was also keen discussion over the matter of privatizing certain state enterprises. The authorities of the nation's different political parties expressed reservations as regards the matter of privatizing Haiti's principal institutions.

[Creole:] The country is not for sale. [Repeats, in French] The country is not for sale. That was the protest cry of the representatives of the people's organizations of Port-au-Prince during the debate organized by the NDI at the Rex Theater yesterday. A bit more diplomatic, political leaders put forth a less radical position, one after another arguing that the Haitian Government has not been able to manage efficiently certain of the nation's institutions. Let us note, however, that FNCD, Conacom, Panpra, OPL [Lavalas Political Organization], and the RDNP are among the political organizations that are calling for a serious and prudent study of this matter. In addition, these five political representatives came out in favor of cooperation between the private sector and the Haitian Government; therefore: no question of negotiating with foreign companies!

We should point out that the Rex Theater was super-full last night, filled to 95 percent of capacity.

Independent Candidates at Odds With CEP

*Port-au-Prince Signal FM Radio in French
1030 GMT 14 Jun 95*

[FBIS Translated Text] During a recent meeting of the members of the Provisional Electoral Council [CEP], it was decided that a little blue and red flag would be placed on the ballots of independent candidates — this not being the case for candidates who will be running under the banner of certain political parties. The ballots of these, latter, candidates will have on them the candidate's photograph and the emblem of the party whence he comes. The CEP members attribute this

decision to a certain amount of difficulty encountered in the process of printing the ballots.

This decision has caused grumbling among the independents. (Jean Hilaire Samedi), alias (Rodaille), an independent candidate for mayor of Delmas Municipality, went so far as to call the CEP phony, because of its decisions, which — (Samedi) said — are not in conformity with the law.

Campaign Clashes Feared in Artibonite Valley

*Port-au-Prince Signal FM Radio in French
1030 GMT 14 Jun 95*

[FBIS Translated Text] Election campaigning continues in the lower Artibonite Valley. There are risks of clashes between the supporters of different political parties. It looks as if there could be clashes between the supporters of several different political parties as the upcoming elections draw near. Here is [correspondent] Nazaire Dupiton with an account.

[Dupiton, in Creole] The electoral campaign has shifted into a higher gear in the lower Artibonite Valley. Candidates in the town of Saint-Marc have begun (?insulting one another) and saying that it is they who are the best, that it is they who are macoutes; that it is they who have done nothing. [sentence as heard] In La Chapelle commune, one hears the same kind of (?exchange) between candidates, with one (?insulting) another: Some people get called macoutes; others, greedy; others, morons; others, crooked wheeler-dealers. The biggest question many observers are asking is: What kind of plan of action for security have the election authorities prepared, so as not to (?have) another Madsen Cadet case? We point out that on Saturday 10 June, 1995, (Ansove Nord), who is a Panpra [National Progressive Revolutionary Party of Haiti] candidate, threatened (Simon Genyard), who is an OPL [Lavalas Political Organization] candidate. People in the (Martito) area — which is in the first rural section of La Chapelle — told us that there is a group behind this that calls itself (Taureaux). [People told us that] this group supports (Ansove Nord), and spit in the face of (Simon Genyard); and that only thanks to the presence of certain prominent figures in the area did the situation not become more serious than it did. Other people said that there should be a plan of action for security in force during the entire unfolding of the electoral campaign, so that no partisans or candidates fall victim — especially since candidates carry weapons.

That question was being asked.

There has as yet not been any sign of any security activity in the lower Artibonite Valley.

This is (Nazaire Dupiton) in Saint-Marc for Signal FM.

Zedillo Interviewed on Presidency, Issues*PA1506185395 Mexico City EPOCA in Spanish**12 Jun 95 pp 16-21*

[Interview with Mexican President Ernesto Zedillo Ponce de Leon by Abraham Zabludovsky at the Lazaro Cardenas House at Los Pinos Presidential Residence in Mexico City; date not given]

[FBIS Translated Text] [Zabludovsky] Mr. President, thank you for this interview. I will begin with a personal remark. I have known you for many years, and I notice that you have changed a great deal.

[Zedillo] How?

[Zabludovsky] For instance, at the news conference you held yesterday, you have changed in the sense that you were the master of the situation, were joking, and were well informed and quite confident. It is not that you were not confident before, but you were slightly shier. Am I right?

[Zedillo] I do not know. I believe the news conference experience is unique, and I am going to tell you it is a communication format in which I feel at ease. For me, it is easier to answer a question than thinking beforehand on a message and worrying about how to say it. I felt at ease.

[Zabludovsky] Do you perceive in yourself a change in personality in the last few months?

[Zedillo] No, not really. I believe, however, that insofar as time has gone by and insofar as work has deepened, I find that resorting to the basic aspects of my abilities and personality is quite useful.

[Zabludovsky] Has your family life changed at Los Pinos?

[Zedillo] Fortunately, in a good sense. I practically work where I live, a point which allows me to see my children several times a day, particularly at mealtimes. I always find moments during the day in which we share everything. It is strange, perhaps, but I spend more time with my children now than when I was not president. Certain aspects affect their life at Los Pinos though. They, regrettably, lose some freedom due to the conditions prevailing in the country. Because of who they are, they must take certain security measures, and I am certain it adversely affects them. As for other things, my wife and I have made a big effort for them to live a normal life insofar as circumstances allow it.

[Zabludovsky] Mr. President, people who know you describe you as a good man, a good man at heart. As far as feelings are concerned, do you grieve over what has happened to Mr. Salinas?

[Zedillo] We will have to define the meaning of what has happened to Mr. Salinas. I grieve over the country's situation, unemployment, and the people's sufferings over the crisis. I regret that, amid the crisis, matters that were once considered good have ripped apart and that they do not seem very positive today, in view of the circumstances. This statement includes the concept we had on some of the country's personalities.

[Zabludovsky] Is this the reason why, perhaps, public opinion is fierce toward Salinas?

[Zedillo] I believe the economic unrest translates into other types of unrest and expressions. Those of us who lead a public life know we are bound to become the lightning rod for this unrest.

[Zabludovsky] You have been in your post for six months, Mr. President. What have you found out that you did not know about the post? Is it more difficult than you thought?

[Zedillo] The post is not more difficult; problems are. They are much more complex than what we anticipated before December, and efforts have had to be big in this regard. Something on which I am very clear after all these months of exercising this responsibility is that composure is the most desirable attribute of a president. First, we must govern by using the brain, not the liver, and, in certain occasions, by using the heart.

[Zabludovsky] As a human being, isn't it difficult to govern by exclusively using the brain and the heart?

[Zedillo] It is, undoubtedly, difficult and, at the same time, quite rewarding. Even amid the difficult circumstances in which we are living, I could say today that I am pleased, because I have made the decisions that, in my opinion, we had to make and because I am convinced that, beginning with these decisions and the big efforts people are making, the country will move forward. True, it entails a big effort and a large responsibility, but serving our country is also pleasing, rewarding, and stimulating.

[Zabludovsky] Mr. President, what positive signs are you beginning to see in the economic problems?

[Zedillo] I just see them in the variables that have triggered alarm and concern as the crisis exploded. During the first three months of the year, we experienced a serious financial instability that was about to prompt a collapse not only in the financial arena but also in our country's jobs. True, we are facing a serious unemployment situation, but for truth's sake, the situation could have been much worse had we not implemented the adjustment program early in the year. Instead of losing

thousands of jobs, we would have lost millions, thus eliciting a serious social outcome.

We see today that the primary cause of the crisis—the serious imbalance in the current account of the balance of payments—has been completely corrected after a few months. We are seeing that exchange stability has been restored. There were days in March when the exchange rate was close to 8 pesos to the dollar. We have already had several weeks with an exchange rate closer to six pesos to the dollar. We have been able to reestablish the fiscal and monetary equilibriums, something which will pay us back a great deal within the next few months and will allow us to have a more immediate and stronger economic recovery than we could have anticipated just a few weeks ago. The fact certain economic sectors, particularly those concerning exports, have reacted in such a flexible and dynamic manner also pleases me.

This proves the structural change efforts we made in the last decade were worth it. We have a better economy today than we had a decade ago. All these efforts to profoundly change the economic structure will also allow a more immediate recovery as well as the ability to recover the ability to create jobs and better income for people. In short, I see several vital signs of our economy reacting favorably, which in no way whatsoever means we have already overcome the crisis. We will have to preserve discipline and make efforts to completely control the crisis and recover. We will then consolidate this recovery to climb the path of sustained and sustainable growth, something which is indispensable to create the jobs the country needs.

[Zabludovsky] One of the goals of your campaign, Mr. President, was a 4- percent inflation rate and a 4-percent growth rate. Do you believe you will be able to achieve this goal during your term?

[Zedillo] I hope so. We must certainly achieve the growth rate goal. In order to make this growth viable and sustained, we must make a big effort to control the inflationary pressure. We must combine, in the best way possible, the instruments of economic policies so that we will systematically ebb the inflationary pressure while achieving a high growth rate. A high economic growth and a high inflation rate are incompatible in the medium and long term.

[Zabludovsky] In addition, you talked about school breakfasts and a basic family basket for the poorest children. When will we see them?

[Zedillo] Fortunately, we are already achieving these goals. Despite budgetary limitations, we are substantially expanding the school breakfast program and the basket and provisions program this year for low income

families in the countryside. We are going to increase the number of school breakfasts by 20 percent this year alone: We will provide slightly more than 1.5 million school breakfasts a day in 1995, compared to the 1.2 million provided in 1994. By the years 1999 and 2000, we want to be distributing 4 million school breakfast a day. I repeat, however: My pleasure comes from the fact these priority programs are being largely promoted this year despite the crisis.

[Zabludovsky] Mr. President, we at the magazine EPOCA wonder for what the National Development Plan [PND] is useful, and we ourselves try to respond that it attempts to rescue the ethical and moral values of politics. Are we right?

[Zedillo] I would say that is certainly one of its objectives: to put in writing the government's commitment to stress the implementation of these values not only in words but also in deed. In addition, however, the PND explains the general policies the government will implement in the many sectors of the country's life in an effort to achieve the objectives we have identified, such as the ones in which the Mexican people are interested, through popular consultations.

We, of course, want to preserve and strengthen our sovereignty, to create a true system of law in our country, to make Mexico a country of laws, to advance faster in the forging of a better democracy until we acquire a normal democracy, to implement social policies that would give equal opportunities to all Mexicans regardless of their origins and their socioeconomic situation and to achieve that 5-percent annual growth as far as the economy is concerned. The following is what the PND does: stating what the government is planning in order to achieve these objectives in terms of general policies.

[Zabludovsky] Regarding ethics and morals in politics, the PND largely emphasizes that we lack moral ethics in politics. Am I right?

[Zedillo] I believe it must not be an absolute judgment. There are serious deficiencies, but we cannot say all people participating or interested in politics are unethical. I am convinced those who behave in a deviate or improper manner, who, fortunately, constitute a minority, regrettably mar the lives, courses, and motivations of the majority. This is how it is in Mexico and in all countries of the world.

What we all, not just the government, must do is make this new ethics imbue all people and all of society and, above all, avoid impunity. We will never prevent the existence of bad people in our country or in any other country. We must advocate that when these people

are found to carry out improper actions, they be duly punished. People know there will always be malice among humans, but Mexicans do not want impunity.

[Zabludovsky] You are committed to an absolute personal honesty.

[Zedillo] Absolutely. First, I have never had ambitions for money and power, economic power less than anything else, but—and this is more significant—I believe that only by beginning with a personal ethics of this sort can we govern with dignity and moral authority such an extraordinary people as Mexicans.

[Zabludovsky] At a recent news conference, you disclosed that the president's salary was 51,000 new pesos a month. Isn't this salary low for the president of the Republic?

[Zedillo] This salary is what the Federation's Spending Budget stipulates. I decided to renounce certain monetary supplements this salary had. Actually, the president of the Republic has a higher salary once we consider certain economic compensations that were authorized before I took over the Presidency. I am convinced, however, the president's salary must be only what the Federation's Spending Budget stipulates, the reason why I ordered to suspend not only these salary supplements, but I must recognize that because I was unaware of them, I learned of them after I assumed the Presidency. I returned what was granted to me in excess during the first months of my government.

[Zabludovsky] Could you give details, or is it confidential? Could we become aware of it?

[Zedillo] How much? There was a supplement doubling the salary, more than doubling the salary.

[Zabludovsky] Did you decide to return it?

[Zedillo] Yes. I was making 140,000 pesos, and I returned 90,000.

[Zabludovsky] So, your monthly income is what the budget stipulates.

[Zedillo] Yes, and it will be my only salary throughout my government.

[Zabludovsky] Mr. President, we in Mexico are fond of "isms." Certain isms are absolutely ephemeral, but if I ask you how you want people to talk about *Zedillism* at the end of your turn, what features do you want the *historical Zedillism* to have?

[Zedillo] First, I do not want people to talk about a *Zedillism*, let alone a *historical Zedillism*. I have never concerned myself, nor will I concern myself, about what people will say about me once my duty is finished. My only concern is how the country will be not at

the end of my term but, rather, at the beginning of the following term, which will begin early next century. I believe a president must not be concerned about his personal situation or how he will go down in history. His major concern must deal exclusively with the country. A president is strictly circumstantial in a country's history. We must be interested in the country's moves and advance. Everything else is absolutely unnecessary and, I would say, irrelevant.

[Zabludovsky] Mr. President, could you tell us what you are planning to do in pension and health system matters?

[Zedillo] We have three major challenges in the social security system. First, we have to ensure we have the resources that will allow social security institutions to honor their commitments already made. These institutions present an actuarial deficit, and we must find the public means to ensure no one will doubt they will honor their present and future obligations. This goal constitutes an indisputable priority for me.

Second, we must substantially improve the management, yield, production, and quality of the services the social security institutions offer. We are discussing and seriously analyzing what the paths that will allow us to improve that yield and quality are.

The third challenge, which is quite important, pertains to the manner in which the people who make contributions to the social security institutions, with a view not to present but future benefits, either in terms of retirement or housing savings, see a financial asset in these contributions, which are actually part of their savings. Now, given the procedures we have to collect and account for these contributions, workers do not regard them as part of their permanent savings or as a financial asset. We believe we will be framing a very powerful incentive for domestic savings insofar as we individualize these contributions and insofar as we deposit them in accounts the workers will regard as authentic financial assets.

[Zabludovsky] Certain systems comparable to the Chilean, Costa Rican, or Colombian systems...

[Zedillo] We will have to do it in terms of the features of our social security system, thinking in terms of Mexico's experience and needs. Of course, it is always useful to be aware of the experiences of other countries, but what we basically want here is to be able to strengthen our domestic savings foundations, beginning with our own efforts and the institutional features these systems have.

[Zabludovsky] Mr. President, you have learned of the diagnosis the social security system has made on its own activities, and you are also aware of the terrible news of dead children in Durango, because the children's wing

is not in good condition. There were 50 or 60 dead children. Doesn't the health system require a profound and prompt solution?

[Zedillo] We are working on it. Since the first day, we have carried out a number of actions to resolve both short-term problems, such as those regarding sanitary controls, and mid- and long-term problems, such as the financial viability of the institutions themselves. Obviously, due to the accumulation and complexity of these problems, they cannot be resolved overnight, but I believe that the foundations we are laying for this transformation are quite sound and that we will indeed be able to account for satisfactory actions at the end of the government term.

[Zabludovsky] Mr. President, in terms of the PND of the time—I do not know if you agree—there is no one in the PRD [Party of the Democratic Revolution] to whom to talk. It is very difficult to translate the decisions the leaders are making into party actions. PAN [National Action Party] is mad, because it claims there was electoral fraud in Yucatan. When do you think it will sit at the table again?

[Zedillo] I would not use such negative terms to describe the state of the current situation. We have always talked to PRD members. I would say we are communicating with many PRD interlocutors even though at certain times different circumstances adversely affected relations—let us say formal relations—the government, those responsible for political areas, and I myself, as president. Certain people we have known from the past belong to this party. We even consider them to be our friends, something which allows us to keep a line of communication that is sometimes not formal. It is informal, yet extremely useful, to be able to continue advancing in the search for a path of understanding.

As for PAN, if there is someone who must be mad, it is I, not its members. As I have publicly said before, their attitude is, frankly, disconcerting and alien to the democratic tradition of that party. They are annoyed because they fail to win an election, but, they have played with certain rules they themselves have approved. There is a new electoral law in Yucatan that was forged beginning with a consensus in which they were involved. There is a new civic electoral body, the members of which were elected in a consensus. They participated in the election of these civic counselors. We always remained alert for the presumed irregularities and indications of irregularities prior to and following the elections. The cases they reported as worthy of concern were investigated. These irregularities did not exist in most cases, and we proved it to them.

From the standpoint of the Federal Government, the irregularities that were taking place, not in bad faith but by mistake or inexperience, were timely rectified. We monitored the electoral preferences prior to and following the elections through highly reliable instruments. On election day, we conducted several exit polls that were technically suitable, and the results of the elections and the results these exit polls yielded did coincide a great deal.

Public opinion knows for a fact that no open abnormalities were reported on election day, nothing even worthy of concern. The media, the local observers, and other groups were present for the election, and there were no reports of wrong doings during the process. Not until the results were released did PAN react the way we have seen it recently. With all due respect, I believe this is more an issue of stubbornness that goes back many years than an interest in strengthening the democratic way of life. This stems from circumstances much earlier than Yucatan's political life. That is not right. Democracy cannot be applied only when a specific group or political party gets some kind of benefit from it.

I have been absolutely respectful. Due to my position, I have been able to oversee the elections that have taken place during my administration. You know I was among the first to congratulate PAN for its victories in Jalisco and Guanajuato. I believe it is absolutely unfair and disrespectful for PAN to make such an illegal display. I believe these actions do very little to promote the kind of democracy we have preached for so very long. It undermines the enormous effort all we Mexicans are making to attain a better democracy. We all lose, even PAN. I would call for calm and responsibility. We should all play clean and accept the results, no matter what they are.

[Zabludovsky] So, Mr. President, you back the PRI proposal, or what is known about it, for political changes in the Federal District?

[Zedillo] Absolutely. I have publicly endorsed it. We in the Federal District have come of age and have the right to elect those who will have the responsibility of governing Mexico City directly, by general election. The political parties must be ready and willing to participate in order to reach a consensus about the political organization and the government system for the Federal District.

[Zabludovsky] How do you see it? What will happen?

[Zedillo] I believe there must first be a strong agreement about the direct election of the chief of the Federal District government. Once that is found, we could

begin to examine certain other issues that were included in the previous reforms package but geared toward indirect elections. We should have direct elections for a government head and a house of representatives, almost like a local congress.

[Zabludovsky] How much longer after that is ready?

[Zedillo] By 1997, without a doubt.

[Zabludovsky] Will there be enough time?

[Zedillo] I hope we have the will of the political parties. I sometimes worry they spend too much time, energy, and even temper discussing matters I find secondary to the issue of direct elections.

[Zabludovsky] Mr. President, there are plenty of politics in the media, what is your view of the media? How do politicians utilize the electronic and written media? What is the difference from the president's point of view? How do you use one and the other?

[Zedillo] I believe the media are important. There are those who depend more on the press, and there are many others who follow what they hear on television and radio very closely. My responsibility, as the president, is to maintain a constant, broad and open communication with the people on all media. They are, naturally, quite different, the reason why they are all equally important. It is a fact that there is freedom of the press in Mexico. It is also a fact that several members of the press have become particularly critical not only of the government but of certain other issues about the country.

In the end, I believe that to be quite healthy for our democracy. It reflects the fact that Mexican society is changing quickly, is becoming a more open, diversified, and plural society, willing to participate. What we see in the media is just the reflection of what our society is all about. All things considered, what I find useful is to speak, or try to speak, with the truth in my hand and frankly.

I must confess that during these first months I have heard comments and even criticism for being as frank as I sometimes am when I present certain issues. I have been told that this is not political, that we must always present things to the people in a positive and hopeful way. I agree, but as long as we do not lie to the people and do not lose objectiveness. When things are bad, I tell the people precisely that: "Things are bad, and we will have to make an extra effort." They heard it like that, and the media ran it like that.

I would say I am pleased with the media. I said just a few days ago, on Freedom of Expression and Freedom of the Press Day, that I would rather put up with unusual cases of abuse of libel than try to regulate the media's

news reporting. The risks are greater than the benefits. I must state that from my point of view, at least, there are cases that are neither fair nor objective. The media can misrepresent the truth and can sometimes even cause irreparable harm to people's reputations.

I think the solution to that should come from the media itself, in the form of a self-imposed code of ethics. It would be very dangerous if the state were to try and control or regulate the media with legislation, just to try and prevent such cases, which are, fortunately, very few.

[Zabludovsky] Did you, Mr. President, ever say you care very little about being popular, as you have been quoted to have said?

[Zedillo] No one likes people to think badly about someone or to dislike someone, but one thing must be clear: The basic thing for the government is to serve the country's interests. Sometimes one faces the serious dilemma of making a decision one believes is right for solving problems and one's immediate popularity. I will have no doubts when I have to face such a dilemma. I will always choose the responsible way and make the decisions I believe to be appropriate for national interest, even if making that decision means short-term popularity will be affected.

[Zabludovsky] Inflation is going down, the exchange rate is becoming stable, we are exporting, and the crisis seems to be subsiding. Do you believe your popularity has risen because of these factors?

[Zedillo] The truth is I have not considered nor measured that. I believe we must be very careful, because I did not assume any triumphant position. I believe that is what hurts people the most. We are going through the most difficult moment. Lauding financial progress would be a mockery to the people when we know the real factors, employment and salaries, are at their worst levels. I will not, under these circumstances or any other, assume triumphant attitudes nor will I be concerned about popularity levels, much less disclose them.

[Zabludovsky] You are truly convinced the plan that was adopted actually works, because IP [private enterprise] says once in a while the country needs another emergency plan, a Marshall Plan. Is the government plan good, consistent, does it hold up?

[Zedillo] The government plan does not belong to the government only. It was long discussed with the representatives of the various sectors. Such sectors, for political reasons within their groups, asked not to participate with the same strength they have supported other programs, which I accepted. I have assumed all responsibility for our current actions and have no doubt

about them. I can understand that certain leaders would want to limit any discussion of the situation within their groups. I have always been willing, however, to listen to feasible, realistic, and wise proposals, because preparing a proposal is not the same as drafting a petition. At times, I have listened to petitions, but I have not been told how those petitions will be met without incurring populist and irresponsible policies in which I definitely do not believe.

[Zabludovsky] Mr. President, I have one last question regarding our major trade partner and main diplomatic interest: the United States. The United States is helping Mexico overcome its financial crisis, but is harming our fellow Mexicans on the other side of the border with Proposition 187, and it is not giving us water now when we need it so much along the border with Texas. It is quite complicated. Do you trust that country?

[Zedillo] I believe we should not generalize. You, for instance, mentioned three problems in different areas. The issue regarding U.S. financial support to Mexico was the responsibility and decision of President Clinton, and we are very grateful for that. As for Proposition 187, it was a state initiative that has been backed by the U.S. Federal Government. The water problem is not a government problem; the water belongs to the private sector. In Texas, there are property rights over water, and the Texan government can do very little or nothing to make the private sector lend us the water. The government is acting as a mediator to help us negotiate a purchase or loan for the water; therefore, it would be very unfair to say the United States does not want to give us water. The problem is that water, in keeping with their system, belongs to farmers and private agricultural producers.

This example illustrates very well how complex the relation is and should also be a warning for us not to generalize. I have highly praised the friendship and goodwill of the U.S. Federal Government and among the governors, given there are all types, but, fortunately, I would say almost all governors of the United States are good friends with Mexico. We have good friends in Congress and others who are not. Those who are not good friends with us do not know about the Mexican situation or people and find it convenient to make unjust or unjustified attacks on our country because of electoral or ideological reasons. In this case, we must talk to them, invite them to learn about our history, Mexico's characteristics and protest whenever they use terms that are not courteous or just when they refer to our country. Many thanks.

President Announces Additional Economic Measures

PA1606012795 Mexico City NOTIMEX in Spanish 1955 GMT 15 Jun 95

[FBIS Translated Text] Mexico City, 15 Jun (NOTIMEX) — Mexican President Ernesto Zedillo announced today several actions to bolster the Economic Emergency Program, which was implemented on 9 March, to confront the financial crisis that began last December.

"To the extent that we reach each of the established goals, we will be able to initiate programs and actions to back the productive sector, workers, and consumers," the president indicated.

Among the measures to be implemented to bolster the economic program are: tax reforms, implementation of the public budget, financing by the development banking sector, and boosting of the construction sector, he emphasized.

Zedillo spoke to the representatives of the private sector who attended the 16th Regular General Assembly of the Business Coordinating Council (CCE). He said the emergency program implemented by his government has been the right one, and this could be seen by its results.

"You already know of the advances we have made in rectifying the deficit in our trade balance with foreign countries. This trade balance registered a positive balance of \$1.340 billions during the first four months of the year," he explained.

He recalled that after the corrective measures were implemented, the total amount of the federation's Treasury Bonds (Tesobonos) had been reduced from \$29 billion last December to \$10.500 billion this Thursday.

Furthermore, the president added, inflation has experienced a decreasing trend that started in May going from 8 percent in April to 4.2 percent the following month.

Zedillo commented on taxes and said they will continue to levy the value-added tax on the entire production and marketing chain of processed foods and medicine, fiscal procedures will be expedited, and debts will be restructured.

Regarding the implementation of the public budget, the Mexican president noted that the government will back purveyors and contractors who operate with the public sector and will make advance payments that are proportional to the total value of the contract.

He also announced that the Communications Secretariat will carry out a special maintenance program for rural

roads that will provide 120,000 jobs in the next six months.

Talking to the most prominent Mexican business leaders, Zedillo referred to the development banking sector and said they will expedite the program to restructure expired portfolios and that \$1.2 billion will be used for this purpose in the first phase of the program.

In coordination with the National Banking and Securities Commission, he said, a program to restructure the debts of manufacturing and leasing firms, which do not belong to any financial group, will be implemented.

He said that with regard to backing the foreign sector, they will strengthen the budget so as to allow the Foreign Trade Bank (Bancomex) to reinforce its efforts, and a support mortgage loans program will be announced next week.

Hector Larios Santillan, the new president of the Business Coordinating Council, warned that "we have to do something because the economic situation has become unbearable. We will either all come out of this situation or we will all sink."

When he was sworn in to the post, replacing Luis German Carcoba, the new business leader said the country cannot take any more cyclical falls every six years. Society now knows that "it is unjust to prolong the demands that they tighten their belts. [no closing quotation marks as received]

He pointed out that "a great number of Mexicans are at the extreme poverty level, there are millions unemployed, families have fallen into desperation, and we have to do something, because the economic situation has become unbearable."

President Stresses Commitments to Cattle Sector

PA1506214395 Mexico City XEW Television Network in Spanish 0430 GMT 15 Jun 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has affirmed that one of his main commitments is to the millions of Mexicans who live in the countryside.

[Unidentified reporter] In Cancun, Quintana Roo State, President Zedillo told the country's cattlemen that the government is aware that Mexicans want to live in a strengthened state of law and that this reason is why they constitute a basic objective of the National Development Plan. He stressed that guaranteeing the observance of the laws and the legal certainty of legitimate properties and transactions is indispensable in the countryside, as well as in all other productive activities.

[Begin Zedillo recording] This reason is why, in view of your fair demands, I am stressing the government's commitment to the legality and protection of the legitimate rights cattlemen have over their land. [applause] We will correct the injustice that has proliferated since early 1994 in a firm manner and abiding by the law. [end recording]

[Reporter] The president said that the government recognizes the cattle sector's fair demands and that it is not alien to and unaware of any serious effect triggered by the crisis, any difficulty, and any problem the production sector may face.

President Zedillo closed the 59th Assembly of the National Confederation of Cattlemen [CNG], which was held in Cancun. Before 1,500 Mexican cattlemen, he also emphasized the efforts the country's cattlemen are making. These efforts prove that the cattle sector is facing the drought and the effects of the economic crisis with determination and hard work.

[Begin Zedillo recording] It is enough to recall that the cattle trade balance showed a surplus amounting to approximately \$200 million and that exports increased by 95 percent during the first quarter of 1995. [end recording]

[Reporter] Zedillo pointed out that, in order to support his efforts, cattle raising was included in the drought program and that 50 percent of fodder and forage [adinolina] costs will be paid for in the regions the lack of water is adversely affecting. He awarded merit medals to 12 cattlemen who promoted the sector in Mexico.

Agriculture Secretary Francisco Labastida Ochoa, Quintana Roo Governor Mario Villanueva Madrid, and CNG representatives accompanied the president, who returned to Mexico City at the conclusion of the assembly.

Bank of Mexico To Refrain From Using Credit Line

PA1606011495 Mexico City NOTIMEX in Spanish 0000 GMT 16 Jun 95

[FBIS Translated Text] Mexico City, 15 Jun (NOTIMEX) — The Bank of Mexico (Central Bank) stated today that it has refrained from using the line of credit for \$10 billion granted to the country by several world central banks.

The institution stated in a communique that it recently renewed this line of credit, which operates through the Bank of International Payments (BIS), based in Basel, Switzerland.

The communique was issued "to give the public up-to-date information about the components of the financial

"package" granted to Mexico for exchange stabilization purposes," the bank said.

Early this year, Mexico obtained lines of credit for more than \$50 billion from the United States, financial institutions, private banks, and the international community to support its efforts aimed at overcoming the December economic crisis.

Bancomext Head on Self-Financing Operations

PA1506165195 Mexico City EL FINANCIERO
in Spanish 14 Jun 95 p 20

[FBIS Translated Text] Guadalajara, Jal., 13 Jun — Enrique Vilatela Riba, director general of the Foreign Trade Bank (Bancomext), has affirmed that the future of foreign trade financing lies in "self-financing" operations, in view of the difficulty of getting foreign resources akin to amounts in previous years.

He disclosed that starting in July 1995 Bancomext will embark on a new foreign trade operational reorganization through implementing many schemes and prioritizing allocations to direct exporters, followed by indirect exporters. Supporting importing institutions will come third.

To achieve the aforementioned goal, several financial options will be designed, ranging from factoring to the creation of exporting packages, thus grouping small- and mid-size companies to obtaining resources from the markets by placing these packages on security markets.

At a news conference, Vilatela admitted that the credit risks foreign buyers of Mexican products pose will be taken advantage of to support operations, thus being able to have access to resources to finance Mexican exports.

Likewise, at a private meeting he held with Mexican Finance Institute directors, he clearly explained that it is necessary to give overall support to the entire production chain. This reason is why the "shotgun approach" will be replaced by the "sectorial approach" — that is, by feasible and well-structured projects.

During the meeting with the media, the Bancomext director reported that \$3.3 billion from the bank's annual budget, approximately \$11 billion, had been used by May 1995. However, he is confident that the new expected goal will be accomplished thanks to the new financing structure and the market placements.

In fact, he pointed out, starting the second half of the year, we will have more spare resources to the point of making the institution commit itself not to reject all feasible and well-structured exporting projects.

The Bancomext official explained that the substantial reduction in the operational risk while being able to

diminish or eliminate the problems banks have had in matters of granting resources is among the advantages of this new financing scheme.

Vilatela asserted that Bancomext is certain that obtaining resources in Mexico is currently onerous. However, he is confident that Bancomext's amount of available resources will continue to drop as the year goes by.

He categorically denied that major national corporations had been privileged by this selective effort to grant resources, because small- and mid-size companies conduct 95 percent of the exporting operations. Likewise, 80 percent of the allocated resources correspond to small- and mid-size corporations, and the rest corresponds to larger companies having an exporting tradition simply because these latter companies have alternate financing sources, which are even cheaper than Bancomext.

In a meeting Enrique Vilatela Riba held with Jalisco State Governor Alberto Cardenas Jimenez, in which Economic Development Secretary Sergio Garcia de Alba and Finance Secretary Jose Levy Garcia were present, it was reported that "because of a lack of financing approximately 30 export projects have been impeded."

Garcia de Alba asked Vilatela to channel more support toward Jalisco companies and to provide an amount equivalent to Jalisco's contribution to the gross domestic product, which is approximately 7 percent. Vilatela's reply is expected within two weeks.

The possibility of refinancing the \$3 million debt Expo-Guadalajara has with Bancomext, which was loaned last year and was used to enlarge the fair's infrastructure was reviewed. However, because the level of occupancy at Expo-Guadalajara has decreased, so has its income.

On the other hand, in a meeting with local business leaders, and also in a meeting with finance executives, Vilatela heard petitions that Bancomext return to the first floor.

On both occasions Vilatela acknowledged that his leaving the first floor caused a distancing from contacts with the business sector. However, he accepted that Bancomext does not have the infrastructure to lend funds directly.

However, Vilatela said Bancomext could give "very good support" to businessmen through structuring their operations, giving counseling and training, besides providing additional sources for funds.

Vilatela left open that possibility in cases where an operation has been restructured to participate as "a temporary first floor," or as a bridge toward entering the stock market, or the capture of new funds.

Nevertheless, the private sector's demand that Bancomext return to the role of a commercial bank stems from the interest rate differential they would obtain if Bancomext could loan funds directly to the companies, because banks charge 4 to 6 additional percentage points for their role as intermediaries.

Analysts Argue Need for IMF, U.S. Dollars To Survive

PA1506191595 Mexico City EL FINANCIERO
in Spanish 13 Jun 95 p 5

[Report by Alicia Salgado]

[FBIS Translated Text] Projecting that the Mexican economy will decrease 5.3 percent of GDP for the second half of 1995, Vector analysts have said that even though Mexico has enough foreign exchange to meet its needs in the short and medium term, the country needs funds from the IMF and the U.S. Government to avert insolvency.

They noted that for the economy to retake the path of growth, which is not anticipated for this year, Mexico must have a more flexible economic policy; improve the situation in the banking sector; present an effective credit reactivation; show a favorable reaction from direct foreign investment; promote plans to substitute imports that strengthen the domestic productive apparatus; and consolidate export activities.

Vector argues that, in the second and third quarters, economic activity will register major reductions. This circumstance will prevent any sign of changes in the economic trend from being detected in light of the increasingly serious situation being faced by banking institutions because of the deterioration of portfolios and its impact on liquidity and profitability.

Analysts of the Serfin Group noted that "the economic decline will hit rock bottom" this semester; therefore, it is possible that the recessive period will be reverted by the end of 1995 and that a progressive growth will be registered in the next period." [no opening quotation mark as published]

Referring to the progress registered by the country's balance of payments, which included a current account deficit of \$1.2085 billion — which represents a reduction of 81.95 percent compared to the first quarter of 1994 — and a capital balance surplus of \$2.5176 billion — which represents a decline of 74.33 percent compared to the same period of 1994 — Vector emphasizes the possibility that the current account balance will be balanced by year's end and that the available foreign exchange will be enough to finance it.

It adds that direct foreign investment could amount to \$2.5 billion by year's end, considering that the slowdown registered in the first quarter practically accounts for the reduction to be sustained during the entire year.

Vector states that if the improvement in the trade balance is maintained, the current account balance could even register a slight surplus of \$500 million by year's end.

As for the capital balance, Vector analysts believe the gradual return of public and private companies and institutions to the international market of capitals has been enhanced in the past weeks by the placement of debt instruments for an approximate total value of \$900 million. The fact that the Mexican Government is preparing a major placement of debt in the international markets is another helpful circumstance.

Devaluation Not Enough To Cleanse Current Account Deficit

PA1506191695 Mexico City EL FINANCIERO
(ANALISIS Supplement) in Spanish 13 Jun 95 p 3A

[Report by Victor Felipe Piz]

[FBIS Translated Text] The depreciation of the exchange rate and the economic shock program have not resolved the problems of the Mexican external sector, because the current account deficit in the first three months of the year resulted from the drain of \$3.052 billion for factoring services, namely flows of foreign currency to pay interest on the debt.

The amount increased by 11.5 percent with respect to the negative balance obtained for the period October-December 1994, which was due to an increase in external credits, concluded an investigation of the Economic Analysis Department of EL FINANCIERO, based on information from the Bank of Mexico.

This confirms that beyond correcting the current account deficit that had accumulated with five years of peso overvaluation, the December devaluation prompted speculative attacks against the national currency and uncertainty among investors regarding the government's capacity to meet its short-term obligations stated in dollars.

The increase of the deficit of the factoring services balance is the result of hikes in the principal international interest rate indicators, particularly short-term interest rates hikes in the U.S. economy, which experienced seven increases in only one year.

This is because nearly two-thirds of the total balance of Mexico's foreign debit is stated in dollars, and one-fifth

is made up by a basket of currencies, which includes the U.S. currency.

An example of this is the fact that currently, only for the foreign bonds issued in 1994, the public sector is paying a financial cost of between 2.5 and 3.0 percentage points over the yield of Treasury Bonds for five- to 10-year terms, that is, over 6.138 and 6.336 percent annually, respectively.

Since the factoring services for the balance of payments current account appeared in 1980, it has always had a negative balance; and in 1982 — year of the difficult foreign debt crisis that originated the first restructuring — it had its worst result: less than \$12.459 billion.

In the next eight years, the factoring services account experienced irregular behavior because, with ups and downs, its deficit fluctuated between \$6.940 and \$10.004 billion.

Throughout its history, in 1991 the factoring services account deficit achieved its most favorable result, accumulating a loss of just \$6.866 billion. However, after that moment the negative balance started to swell annually: in 1992 it reached \$9.595 billion; in 1993 it grew to \$11.429 billion; and in 1994 it totaled \$12.153 billion. In fact, in the first quarter of 1995, the negative balance of the factoring services account reached \$3.052 billion, representing 25.1 percent of the total obtained throughout last year.

The progress of these expenses has its origin basically in larger interest payments abroad, associated with higher international interests, particularly U.S. interest rates.

In 1994 the public sector paid \$5.361 billion in interest on its foreign debit, including those corresponding to government securities stated in national currency. Meanwhile, the financial cost of the foreign debt of private companies, commercial banks, and the Central Bank totaled \$6.670 billion.

But in the first quarter of this year, the public administration paid \$1.593 billion in interest on its foreign liabilities, which for a quarter meant the largest payment since the one made for the period April-June 1991: \$2.062 billion.

In addition, that amount is equal to 26.6 percent of the interest spending the government had earmarked for 1995. Finally, it should be pointed out that the foreign debt cost servicing will continue to be a disequilibrium factor in the balance of payments, by having an impact on the factoring services bracket, whose contribution to the current account deficit went from 62.1 to 42.3 percent between 1980 and 1994.

Commercial Banks To Earmark Funds for Agriculture

PA1506193195 Mexico City EL FINANCIERO
in Spanish 13 Jun 95 p 25

[Report by Alicia Salgado and Rosa Elba Arroyo]

[FBIS Translated Text] Finance and Public Credit Secretary (SHCP) Guillermo Ortiz Martinez has said commercial banks will earmark more than 48 billion new pesos for the agricultural sector. He stated this when he announced a program will be presented within 90 days to modify the Trust Instituted for Agriculture (FIRA).

He explained that beginning on Monday, the livestock insurance offered through Agroasemex [Mexican Agricultural Insurance Company] will receive a subsidy of 30 percent on the annual premium paid for livestock insurance.

In the presentation of the FIRA annual report, FIRA Director General Guillermo Vazquez said the institution will earmark 17.5 billion new pesos to finance agricultural enterprises in 1995. This amount will include an additional investment of 13.29 billion new pesos which, added to the support from commercial banks and the contributions of producers, will permit a total investment of 30.70 billion new pesos.

In 1994, FIRA discounted 12.7513 billion new pesos and through the System to Restructure Agricultural Portfolios [Sistema de Reestructuración de Carteras Agropecuarias — Sireca] with commercial banks, it added 7.24 billion new pesos in additional resources.

He said the amount channeled by FIRA in the countryside generated a total investment of 22.1025 billion new pesos, 14 percent of which comes from banking cofinancing, 18 percent from producers' contributions, and 68 percent from discounts by FIRA within its normal program.

Francisco Labastida Ochoa, agriculture, livestock, and rural development secretary, has said Zacatecas and San Luis Potosi could join the drought program established in six northern Mexico states by his secretariat.

The finance and public credit secretary added that in less than 90 days, a draft of the new FIRA structure will be presented. It seeks to provide assurances of the continuity of the credit support programs FIRA handles.

He added that in order to deal with the liquidity problems affecting rural producers, the agricultural development banks have implemented several mechanisms. These include: in the payment of interest, the application of a partial payment rate of only 15 percent for

lower income producers and of 20 percent for the rest, when this involves medium- and long-term portfolios. The difference in the contracted rate is distributed proportionally in the pending payments.

The second mechanism involves the granting of extensions of up to 25 percent of the debt balance at a term of 12 months for short-term credits.

The third mechanism is the application of a partial payment rate for the overdue portfolio restructured through the Program for the Financial and Technical Restructuring of the Agricultural Sector.

"The financial sector is clear that the immediate task is to intensify the overall attention demanded by the agricultural projects, from basic production to industrialization, marketing, and exporting," the head of the SHCP said.

Ortiz Martinez said simplistic and unrealistic positions should be avoided, adding: "We are obligated to formulate positive proposals that will truly contribute to resolve the sector's financial problems. Any other course will only lead to a decline in the agricultural activity, because the flow of financing would be affected."

In this regard, Vasquez said Sireca was established in coordination with the commercial banks and that more than 117,000 producers and 33,000 firms were helped in 1994.

The FIRA resources represent 50 percent of the credit portfolio channeled to 750,000 agricultural producers and fishermen. The FIRA director added that 72 percent of them fall in the less developed category.

PRD Leader Remarks on PGR Investigation on Salinas

PA1506200095 Mexico City XEW Television Network in Spanish 0430 GMT 15 Jun 95

[From the "24 Hours" Newscast; passages in quotation marks recorded]

[FBIS Translated Text] Porfirio Munoz Ledo, Party of the Democratic Revolution [PRD] national president, on 14 June talked to reporters about domestic matters. In the interview, he affirmed that the investigation the PGR [Attorney General's Office] is conducting on former President Carlos Salinas is part of a political readjustment.

[Munoz] "I believe the atmosphere must start clearing. The investigations on Salinas means that he must return to Mexico."

He also said the following:

[Munoz] "Once more, I, formally and fully exercising my duties as a political and civic leader, ask Ernesto Zedillo to immediately dismiss Jose Cordoba Montoya, Mexican representative to the Inter-American Development Bank. He is a national disgrace."

Before making the aforementioned statements, Munoz attended the first Forum on Democracy summoned by women in Polanco and Las Lomas neighborhoods, who are now grouped under the Women's Association for the Defense of Civil Rights [Asociacion de Mujeres en Defensa de los Derechos Civiles]. He pointed out there that the PRD favors a democratic transition in Mexico.

[Munoz] "We believe this transition will take place through a major alliance among the political parties, citizens, and their independent organizations."

San Angel Group's Demetrio Sodi and PRI [Institutional Revolutionary Party] Deputy Alejandro Rojas also attended this forum.

Banuelos Criticizes Chiapas Policy

95CA0254A Mexico City PROCESO in Spanish 5 Jun 95 No 970, pp 29-31, 34-35

[Article by Guillermo Correa and Julio Cesar Lopez]

[FBIS Translated Text] A witness to the dialogues for peace in Chiapas, Juan Banuelos, a member of the National Mediation Commission (Conai), accuses the government of behaving in the negotiations with the Zapatist Army of National Liberation (EZLN) the same way the Spaniards did during the conquest.

He asserts that the Mexican Army is the boss in this matter, that the authorities are sidestepping the insurrection, and that all indications seem to be that the talks are designed solely to tire the enemy out so that he "lapses into mistakes that can be taken advantage of for the final assault."

Disappointed by the performance of the government representatives in the dialogue that resumes on Wednesday the 7th in San Andres Larrainzar, the poet, writer, and university professor cautions: "Either the EZLN is going to be squeezed even more or it will launch an offensive that will shatter the deadlock in the talks and the approach that the government has been taking to things."

"My assessment may be too subjective," he adds, "but many agree with it: the government is mostly to blame in this conflict. The disaster in Chiapas is part of Mexico's disaster. And President Zedillo knows it."

Nevertheless, he says, the governmental offensive against the Zapatists, who are pursuing only social

goals, is ceaseless. He calls for underlying issues to be addressed at the third meeting in San Andres Larrainzar: "No more minimum agreements in the negotiating boards, because they are worrisome. No more customs from the colonial era, with requirements that the conquistadors imposed when they came into contact with the Indians."

In the view of this intellectual, who has received the Chiapas Prize, the Zapatist uprising has turned the entire national structure on its head, alongside the worsening economic crisis.

He feels that what is happening in the southeastern part of the country has helped to spread grassroots discontent, to weaken the institution of the presidency, and to wear down the political system.

He explains: "After Chiapas, the political crisis has led to a new look for the Mexican state, which is now strengthened by its repressive machinery. The power of the Mexican Army is obvious: it has unified its commands, and its intelligence branch has gained prominence. It controls the government's policies toward Chiapas."

"At least this is the feeling, or this is what they have led us to believe. Spokesmen who are directly under the Army are even involved in the negotiations. This marks the start of a slow coup, we should emphasize, that will gradually take control of or oversee key state institutions. It is nothing new to say that the bulk of the Mexican Army is concentrated in Chiapas, with around 60,000 men."

He thinks that this is one of the consequences of the Zapatist movement, the repercussions of which are being felt throughout the country. "We are actually living through the second conquest of Mexico."

Banuelos says that he is expressing his own opinion, that he is not an employee of any government agency or of the diocese of San Cristobal de las Casas, headed by Bishop Samuel Ruiz, who also chairs Conai. He does not regard himself as belonging to any party or sect either.

He says that the Chiapas crisis has gradually turned into a national disaster. The current government, he says, inherited a deplorable economic situation, but instead of correcting the course, it has stuck to it, with a policy designed above all to solve the problems of U.S. banks.

"This was the first thing that really bothered the Mexican people as the presidential term began. In this regard, Mexico is proving what the presence of the collaborationist class in power means. Far from leading the country out of the crisis, the government is

driving the economy into recession, with high rates of production shutdowns in both industry and agriculture. Unemployment, inflation, and shortages have arisen. Instead of development, the crisis has led us to the abandonment of the countryside. An economy that creates several vicious circles has been put in place."

He feels that a social policy is needed, because the Mexican people are seen only as a source of revenue to pay off debts that they did not contract for. And without being a "doomsayer," he warns about possible hyperinflation.

He explains that under the current government we are heading straight toward ruin:

"In December and January we saw the paralysis of the government team and the devaluation. From January to March, when we asked for Clinton's advice and support, we pushed the country to an unheard of level of dependence. April and May were months of plunder and the collapse of the production system. During this period the people have seen the frightening emergence of unemployment, brazen price hikes, and shortages. From May to August of this year Mexico will, whether we like it or not, begin to be shaken by loud, explosive demonstrations on social and political issues, as we have already seen with the problem of the Route 100 Labor Union."

All this has led to mounting disgust with the system and to the growing breakup of PRI [Institutional Revolutionary Party]: "As if this were not enough, the president is a man of many mistakes. Let us remember the Education Plan, the textbook, his alliances with PAN [National Action Party] to mitigate the PRI's failures, his lack of firmness in dealing with the United States, and his politically misguided decisions on Chiapas and Tabasco. The clumsy torpedoing of the peace talks poisoned the atmosphere for the development of a sound solution, which would have helped him back then."

Banuelos was a member of the leadership at the Democratic National Convention (CND), which was created at the insistence of the EZLN, and organized the most recent elections in the so-called conflict zone.

He thinks that President Zedillo has to pause and reconsider what is happening in the country, because the breakdown of the presidency is hurting the Mexican nation's agenda.

He is of the opinion that it is no accident that big capital, PRI, PAN, the Armed Forces, and imperialism are now coming together during this new stage in national life.

The reason, he adds, is that in the peace negotiations (in which he has been involved, so much so that he

has been responsible for going into the jungle and bringing out some of the chiefs who make up the Zapatist delegation) "the 10-point military proposal, which seems to be taken from some manual, talks only about advances, surrenders, and retreats, and thus negotiation, with apparent concessions, becomes just another way to wear the other side down."

"In other words, the government has no intention of resolving the problems of the Chiapas Indians except from a position of strength, whereas the EZLN wants to transform society in general. Of course, the financiers and the United States cannot look favorably on any project of effective democracy. In any event, I must clarify that while I sympathize with the EZLN's social demands, which even the government acknowledges as just, I am not in favor of fighting of any kind. I am in favor of negotiations to achieve a just peace, even if I were not a member of Conai.

"I must talk about the view that I have as a witness to the dialogue, even if it is incomplete. For example, it is no great revelation if I say that the government has continued its strategy of isolating the Chiapas conflict. It fails to offer alternatives in the talks so that they go on and on, with the only solution it seeks being the surrender or, in the long run, the liquidation of the EZLN."

During the interview in his home Banuelos asks that security arrangements be made for the people accompanying the EZLN delegates. He relates: "At the last meeting, just before Guadalupe Tepeyac, we had left off some representatives of the Zapatists, and within five minutes a convoy with armed soldiers arrived to comb the area; helicopters too. And this is the second time now."

"We are a civilian society. We come unarmed, accompanied only by the International Red Cross and nongovernmental organizations. Any of the ranchers or their white guards could attack us."

On another occasion, he says, along the road "they threw a rock at us that caused the driver to lose control. We were going about 130 kilometers an hour. It is too much of a coincidence, isn't it? Another time, outside Ocosingo they fired pellets at me. Fortunately they did not hit me. We are quite vulnerable. We need more security, especially those of us who go to get the guerrilla chiefs."

In speaking of the government team, he says that besides Marco Antonio Bernal, Gustavo Iruegas, and Jorge del Valle, the government has chosen as its representatives Army commanders who have gone to U.S. military colleges or psychologists experienced

in clinical matters "in order to continue employing deterrent actions, encirclements, and approaches that are clearly police in style."

Moreover, he asserts that the government's delegation has more than 30 members who are accredited as journalists, cameramen, or assistants. It is the largest delegation. "The fact is that I feel bad. I am not a professional politician; I am from civilian society and I want to further peace, but coming up against these sorts of problems bothers me. Although I cannot call it quits now either."

He notes that the government's stand in the negotiations is war or surrender and that this offer, he has been told, is described as "one of the most generous in the history of mankind's wars." He says that the government's representatives have also told him that they do not see the Zapatists as enemies, that the Army will not withdraw from the conflict zone, and that the federal government will not address Chiapas' political problems.

Another thing they have said, Banuelos reveals, is that "the Indians are seen by public opinion as not understanding what is going on," which he describes as a terrible insult.

"In my view one can say that there have been very tough moments in the dialogues. This is true, since there are very great political and cultural differences. The two sides represent different political universes and very dissimilar political practices, such as the technocratic discourse of the government and the peasant discourse of the EZLN.

"There has also been much talk of the issue of time. In most cases it has been talked about with irony and joking, about the Indians wearing Japanese watches. The Indians have remarked that they do wear them, but to arrive on time, to meet the schedule that their adversaries have imposed on them. The fact is that their time is governed by the rains, the crops, the distances they have to travel on foot, and their ways of consulting and reaching agreements in their communities. Time for them obviously does not have the same function that it does for the officials.

"But the underlying issue is perhaps the negotiating strategies, and as a member of Conai I do think that they would be made easier if the government abandoned the idea that it is up against foreign forces or the losers of a war. It would be better to tone down these negotiations a bit and realize that they are about the problems of the country, of a very important group of Mexicans who have been marginalized for centuries, and that reaching

agreements without pressure would take care of the discontent."

It would be easy to put the military issue in the background, he says, if President Zedillo wanted to: "The discussions ought to be primarily political and economic. A while ago someone quoted Luis Cabrera, who sent a letter to Madero. It said the following, which is very timely, about Chiapas, and I quote: 'Political and democratic needs are at bottom no more than manifestations of economic needs.' By this I mean that we need a transition government that will transform the life of the country and not just make certain concessions."

Concerning the cultural worlds that are face to face in San Andres, the writer recalls the words of Commander Trinidad when she spoke at the May meeting: "Gentlemen, great gentlemen, forgive me if I speak to you in my language, which is Tojolabal. That is the language of my land, the one that we Indian women use when we are planting, in joy and in grief. I am going to speak in my language...." And she gave an entire speech. Upon finishing, she said to the government representatives: "You did not understand me, did you? Well, just as you did not understand my language, you have great trouble understanding what I feel." And with a hint of irony she said when she was almost done: "But what if I had spoken in English or French. Maybe you would have understood me."

The EZLN's Commander "Trini," Banuelos relates, is a woman in her seventies. She spoke before the deputies and senators attending the peace talks. "This illustrates the chasm between the two cultures, which is why there is no consensus."

In Banuelos' opinion, the representatives whom the government sends should have instructions or the capacity to address the Indians' problems, besides having consciences and being men of their word. "Because if they do not know how to listen on the working commissions in a spirit of conciliation, then we will be wasting our time."

As for the government's proposal to concentrate on the EZLN, he says that the process of conquering, colonizing, and subjugating ethnic groups has always been conducted through the intensive and extensive use of the Armed Forces, accompanied by the economic disintegration of the indigenous societies.

"A system that assures unfettered passage for the forces of oppression has been resorted to ever since the 16th century. Proof of this is the fact that the Indians have been placed on reservations, in settlements, and in strategic areas. In this regard, the government's proposal

is based on experiences like those in Vietnam, El Salvador, and Nicaragua and is copied from reservations in the United States and Guatemala too. There is a long history here."

As far as writer Banuelos is concerned, everything has to change in the political arena in Chiapas. Structures must be democratized. A new government program for the state needs to be established, with real reforms: separation of powers, separation of PRI and the government, administration of justice, electoral reform, land distribution, management of the Indian autonomies, and managed development, and all of this under a new constitutional arrangement.

He feels that the lack of health care, justice, education, jobs, and culture, which the Zapatists are demanding an end to, "is a vestige of backwardness that the government should have begun resolving immediately after 1 January 1994. And it has not yet done so. There is no need to send a proconsul like Mr. Dante Delgado to see how the groups can be divided. That fellow is evil."

He argues that the members of Conai "want peace for all, a dignified, just peace. And we are working on this. We do not want the result to be the incestuous peace of money and power over the defenseless. Political problems and discriminatory actions and voices must be overcome in order to learn how to listen to the silent voices of Indian dignity."

"And by way of self-criticism, speaking for myself, I must say that Conai must find new energy and move into another phase. This of course depends on the two sides, which have to give it a vote of confidence so that it can go beyond its role as an intermediary and become a more effective mediator."

Creel on Tabasco's Importance to Reform

95CA0259A Mexico City LA JORNADA in Spanish
14 Jun 95

[Unattributed article; received via Internet]

[FBIS Translated Text] "Tabasco has been the insurmountable obstacle to national political reform. It has to be said: Tabasco was what initially interrupted the dialogue," and as a result the problem must be addressed not only from the ethical angle but also from a political standpoint so as to restore the impaired political rights, contended citizen counselor Santiago Creel.

For his part, Jose Agustin Ortiz Pinchetti said that at the moment, more important than investigating where the documents came from, it is necessary "to investigate thoroughly where the funds came from" for this expensive campaign, which is an "intolerable and aggravating

monstrosity. Where did all the money that was spent so unproductively come from?"

During an interview with the Multivision Network Creel said that progress in the necessary political reform requires separating the nation's short-term problems from the discussion of the political reform itself, because "various problems that have been added on have impeded progress in this discussion."

Creel indicated that two negotiating boards would have to be created in order to make possible real headway on the reform and on dealing with the immediate issues. In this latter regard, he said, there have been unquestionable gains such as the elections in Jalisco, Guanajuato, San Luis Potosi, and two electoral districts

in Puebla and Veracruz, but there are also the cases of Tabasco and Yucatan, which must be resolved.

Achieving the true democratization of the country means not only winning a democratic election but also winning through democratic means, he said, alluding to Tabasco.

In this regard, Creel stated that President Ernesto Zedillo's remarks, to the effect that Roberto Madrazo's government will last to the year 2000, were "extremely unfortunate and did not show an in-depth knowledge of what really happened in Tabasco. They should never have been made."

Honduras

President To Ask U.S. To Open Files on CIA 'Operations'

PA1606013095 Mexico City NOTIMEX in Spanish
2232 GMT 15 Jun 95

[FBIS Translated Text] Tegucigalpa, 15 Jun (NOTIMEX) — President Carlos Roberto Reina said today that Honduras will ask the United States to open up its files on covert CIA operations in Central America during the previous decade.

"We want justice to be done, and if we have to take those steps (requesting the opening of files), we will do it in order to shed some light on those problems," Reina told the media.

THE SUN newspaper of Baltimore, United States, recently published an article containing details of the operation in Honduras of the 3-16 Paramilitary Group, led by the Armed Forces, as well as names of the military officers involved and their alleged connections to the CIA.

Among those responsible for the "disappearance" of members of the opposition, THE SUN mentioned active military officers, such as the current chief of the Armed Forces, General Luis Alonso Discua Elvir, and Colonel Alexander Hernandez, inspector general of the police.

Human rights organizations in Honduras said that a total of 180 persons were reported missing in the country during the previous decade.

"We must punish all those responsible for the disappearance of people and crimes against humanity, which took place during one of the most painful and shameful periods in Honduran history," the president said Thursday [15 June].

"We have asked the Armed Forces about the files on that period, and they claim they do not exist," said Reina, who added, "I have defended the cause of the missing people before, and I am defending it now as president."

The president did not rule out the possibility that there are "political interests" in THE SUN's article because there is great interest in the United States in knowing about the covert actions conducted by the CIA.

Reina said he was surprised about the fact that U.S. publications are just now revealing information about secret CIA operations, which have been known in Honduras for many years.

Banks Authorized To Handle Accounts in Dollars

PA1506195495 Tegucigalpa EL PERIODICO DE
HONDURAS in Spanish 14 Jun 95 p 3A

[FBIS Translated Text] Central Bank President Hugo Noe Pino has confirmed that the board of directors of that institution has legalized the handling of checking and savings accounts in readily available foreign currency.

"All holders of accounts in dollars can rest assured that the new measures will not negatively affect their accounts, as banks have been authorized to handle them. Previously, readily available accounts could be used to obtain export and pre-export loans. We have broadened the scope to other activities such as investment capital and working capital. Logically, the regulations have created specific conditions so that each loan will be supported by dollars in order to protect the public's interests," Noe Pino said.

The benefit derived from this measure, he added, is that the amount of dollars that currently exists in national banks in readily available accounts can be used by several clients according to their needs. To a certain extent this will substitute the frequently used foreign credit, and at the same time it will increase the dollar supply in the national economy.

In explaining the mechanism to be used for those accounts, he said: They will have cash reserves based on a special formula to protect the interests of the public. For example, loans to be approved must be consonant with the due dates of deposits, particularly the so-called term deposits.

Noe Pino said he hopes this measure will encourage the return of capital that left the country due to a lack of confidence during the past decade. It could encourage those who have their money in foreign banks to bring those funds back into the country and use them as working capital and investment capital.

I must, however, point out two basic points in this measure: the readily available accounts are fully protected and can be handled with the same freedom they have been handled in the past. The only thing we have done is to make their use more viable in order not to have idle money in foreign banks and thus contribute to financing the national economy.

'Positive' Reaction Noted

PA1506195595 Tegucigalpa Voz de Honduras
Network in Spanish 1145 GMT 14 Jun 95

[Report by Giovanni Garcia; from "The Morning News-cast"]

[FBIS Translated Text] Reactions to the Central Bank's decision to approve checking accounts in dollars have been positive. The decision was announced by Central Bank President Hugo Noe Pino.

According to economists, the decision is positive and will allow for the repatriation of capital deposited in foreign banks.

The Honduran Council for Private Enterprise believes it was the right decision, according to its President Adolfo Facusse. The decision means confidence in the economy is growing, but the next step is the recognition of interest rates earned on these checking accounts in dollars.

[Begin Facusse recording] It is a reality that has been recognized. Our economy is increasingly being dollarized. The people are seeing that our currency is being devaluated because the government continues to spend more, to increase its deficit, and to impose more taxes. They find it safer to resort to a stronger currency. The dollarization of our economy will increase each day. As dollar deposits increased, the logical thing to do by the Central Bank was to allow checking accounts in dollars, otherwise, the people would just keep their money outside the country. The people will now be able to keep it here. The next logical step would be for banks to recognize interest earned on dollars deposited in checking accounts.

We will now have two different worlds with lempiras and dollars in which the [word indistinct] will be 35 percent and so on. We will also have the dollar world in which the international market will be reflected. Loans in dollars will be like the loans made abroad. These are two worlds. The lempira world will give way to the dollar world here in our country. [end recording]

Nicaragua**Government, Assembly Agree on Constitutional Reforms**

PA1506214895 Managua Radio Nicaragua Network
in Spanish 1200 GMT 15 Jun 95

[From the "6:20 Newscast"]

[FBIS Translated Excerpt] The negotiations between the government and the National Assembly ended in the predawn hours of 15 June with a political agreement on the implementation of the constitutional reforms. The

talks between the Executive Branch and the National Assembly that began on 5 June concluded early today after 12 hours of intense negotiations with the signing of a political agreement contemplating the implementation of the constitutional reforms.

The first steps for the resolution of more than four months of institutional crisis were taken earlier today with the signing of a political agreement for the implementation of the constitutional reforms. Cardinal Miguel Obando y Bravo participated in the negotiations as guarantor and witness of the talks between the two branches, which in the end could not agree on the selection of the Supreme Court of Justice [CSJ] magistrates. This issue was one of the most heated issues during the talks that began on the afternoon of 14 June and that concluded at 0300 hours on 15 June.

As for the scope of the political agreement on the implementation of the constitutional reforms, let us first listen to Assembly President Luis Humberto Guzman:

[Begin recording] [Guzman] Good morning, dear friends. First, on behalf of my colleagues from the National Assembly Board of Directors, I want to thank you for the interest you showed in pursuing the discussions and conversations among [three-second break in reception] on the issue regarding the country's constitutional crisis. Regardless of [four-second break in reception] on which you are working, we want to sincerely thank you for your interests in and discussions of this issue. We consider them to be part of the service you render to Nicaraguan society.

I want to inform you that a few minutes ago we concluded a political agreement stipulating an accord on the implementation of the constitutional reforms. It was impossible to reach an agreement on the CSJ. However, the agreement on the implementation of the constitutional reforms is basically more relevant. We also agreed on certain quite short timeframes. The National Assembly will make public the text of the political agreement at 1230 hours on 16 June at the Catholic University campus. The government will do the same at 1300 hours. After this is done and until 0800 hours on 16 June [date as heard], two other instruments — namely, the Notifications on the CSJ Rulings [Cedulas de Notificacion de la Sentencia de la CSJ], lifting the president's obstacles that have so far hindered the publication of the reforms — will be submitted. Likewise, President Violeta Chamorro will submit the duly enacted Law 192 and an order for its publication both in the Official Gazette and in private media.

I repeat: All these events will take place starting on 16 June at 1300 hours until 0800 hours on 16 June,

pardon me, until today. [sentence as heard] If these documents were not submitted on 16 June, the Assembly would have to withdraw them. I repeat: this is the basic agreement we reach, and it officially and essentially contemplates the constitutional reforms.

[Unidentified reporter] How are you going to resolve the [words indistinct]?

[Guzman] If no agreement is reached on that, we will understand that each party will be free to act according to what the Constitution mandates.

[Reporter] [Words indistinct]

[Guzman] His eminence will visit him tomorrow, pardon me, today at 1100.

[Reporter] [Words indistinct]

[Guzman] On behalf of the president and ourselves, we invite them to finish the sentencing process in the next few hours. Certain magistrates said this process is already in progress.

[Reporter] Why were agreements not reached [words indistinct]?

[Guzman] Because the points of view were radically different. The National Assembly has reiterated that it cannot disregard its election of the five magistrates and the executive branch has insisted on a different point of view. There were no agreements reached on that topic. [passage omitted] [end recording]

Sandinist Peasants Occupy National Assembly

PA1606024195 Managua Radio Nicaragua Network in Spanish 2230 GMT 15 Jun 95

[By Eduardo Estrella from the National Assembly building — live relay]

[FBIS Translated Text] What Commander Daniel Ortega, former president of the Republic, had been announcing for several months now has finally happened. The National Assembly has been occupied by workers who are staging a sit-down strike at the [Central American University] UCA. I say again: The National Assembly has been occupied by followers of former President Daniel Ortega. Early this morning, several peasants, dozens of peasants, hundreds of peasants gathered around the National Assembly building. After getting permission from the National Assembly Board of Directors, several entered to meet with Reynaldo Antonio Tefel and with Julia Mena, first secretary of the National Assembly. They met and the peasants heard explanations from Assembly board members. This afternoon, however, the peasants who gained access to the Assem-

bly installations, decided to take control of the building. They are demanding that Assembly President Luis Humberto Guzman see them and hear their complaints. Guzman must then find solutions to the problems at the banana plantations. Just moments ago, Sandinist leader Lucio Jimenez said that the National Assembly occupation will continue until there is a solution to the worker's demands for land in the western banana region.

I repeat: Threats made by Daniel Ortega, former Nicaraguan president and secretary general of the Sandinist National Liberation Front (FSLN), who said on several occasions that he and the people would send the National Assembly and the executive branch to hell, have been realized. The National Assembly is currently occupied by followers of Daniel Ortega Saavedra.

[Paris AFP in Spanish at 2009 GMT on 15 June, in a 250-word report, adds that "about 2,000 peasants violently entered the installations" in demand of land deeds. They moved in "after blocking off the main access routes to the capital city, including the road to the airport."]

National Assembly President Leaves Building

PA1606031995 Panama City ACAN in Spanish 0120 GMT 16 Jun 95

[FBIS Translated Excerpt] Managua, 15 Jun (ACAN-EFE) — National Assembly President Luis Alberto Guzman and other assembly leaders have left the National Assembly building, which was occupied today by about 50 Sandinist farm workers, who are making socio-economic demands from the government.

The National Assembly's administrative personnel also left the building, which is surrounded by about 100 "fully-trained" policemen [policias integrales] called red berets.

In addition to the Sandinist workers inside the National Assembly building, there is an undetermined number of policemen who are coming and going and who are refusing to answer questions from journalists.

Sandinist Deputies Nathan Sevilla and Damaso Vargas are also inside the building to show their support for the protesters who are occupying the building. They are accompanied by the members of the Board of Directors of the pro-Sandinist National Workers Front (FNT).

Legislative sources stated that Liberal Party Deputy Julia Mena, member of the Board of Directors of the National Assembly, is holding her colleagues Sevilla and Vargas responsible for whatever may happen inside the building.

The police officers, who cordoned off the National Assembly building, refused to provide information to the media despite insistent questions as to whether or not they have asked the protesters to abandon the building. [passage omitted]

Leal Desires Peaceful Solution to Gulf of Fonseca Dispute

PA1306195895 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 13 Jun 95

[From the "National Newscast"]

[FBIS Translated Text] The Foreign Ministry has asked the Naval Forces to step up their patrols in the Gulf of Fonseca. In view of the situation in the Gulf of Fonseca where, according to reports from Honduras, Honduran fishermen are planning to arm themselves to fish in Nicaraguan waters, the Foreign Ministry has sent a note expressing its concern to the Honduran Foreign Ministry.

[Begin Foreign Minister Ernesto Leal recording] In case this is true, we have asked the Naval Forces to reinforce patrols. We have even asked them to transfer patrol boats from other ports in the Pacific to the Gulf of Fonseca. [end recording]

The Nicaraguan foreign minister said Nicaraguan authorities will meet with Honduran authorities in Choluteca on Thursday to try to resolve the problem.

[Begin Leal recording] Under no terms will we permit them to continue fishing in our territorial waters. We hope this will be resolved through peaceful means. [end recording]

The binational Honduran-Nicaraguan commission was formed in April in Managua. The commission, which is chaired by the deputy foreign ministers of the two countries, was established to work on the maritime delimitation of the Gulf of Fonseca. Despite this, problems continue. Nevertheless, both sides are willing to find a peaceful solution.

[Begin Leal recording] President Reina has correctly stated that this will not harm relations between Honduras and Nicaragua and that this dispute does not mean we are beginning a confrontation. I have been instructed by the Nicaraguan president to find a solution to this problem through dialogue. That is why on Thursday we will be in Choluteca to meet with the foreign minister. [end recording]

Panama

Bill on Generalization of Tax Incentives Approved

PA1506195895 Panama City LA PRENSA in Spanish 14 Jun 95 p A-1

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] During a third debate last night, the Legislative Assembly, by a 39 to 24 vote, approved the bill on Generalization of Tax Incentives, and it immediately started preparations to start debating reforms to the basic Education Law today.

Legislator Carlos Alvarado, chairman of the Public Treasury, Planning, and Economic Policy Commission, recalled that Law 62 is the result of dialogue and permanent consultation with all sectors involved.

At the request of the Executive Branch, the bill had been returned to second debate this week to modify one of its articles, particularly the part referring to changes to the tax system and creation of a tax credit for users of the Colon Free Zone.

Legislative Assembly President Balbina Herrera told LA PRENSA this law should be viewed as a whole and not only the part pertaining to the Colon Free Zone.

"We adhered to the consensus reached by the Executive Branch and the users but always defended small merchants," she said.

This week, a group of opposition legislators failed to have point D of Article 3, which refers to new restrictions on bank deposits, returned to second debate.

Arnulfist Legislator Bolivar Pariente assured that the restrictions established by law on the use of time deposits as guarantee for financial operations and loans affects more than 30,000 depositors and will provoke an "unstoppable capital flight."

He added that official and opposition legislators have reached a consensus to reject this article, because it not only restricts banking operations but levies a new tax on time deposit interests.

It was reported last night that the Legislative Assembly will start discussing a bill to modify and add new articles to the basic Education Law today.

Argentina

President Menem Defends UN 'White Helmets' Initiative

PY1506224795 Buenos Aires TELAM in Spanish
2150 GMT 9 Jun 95

[FBIS Translated Text] Buenos Aires, 9 Jun (TELAM) — President Carlos Menem today defended the creation of the White Helmets — a volunteer corps — as a proposal geared to consolidating peace in the world. He warned that when the problems of hunger, poverty, and marginalization are not solved, "rifles come onto the scene."

During a teleconference from the town of Santa Victoria Este in Salta Province, Menem underlined the close relationship between those scourges and the objective of preserving peace. He asserted that with the White Helmets "we will go to the four corners of the earth."

The head of state said: "It grieves me to have to say it, but when no solution is found to the problem of hunger, rifles come onto the scene, and this is precisely what we want to prevent."

The president stressed that this humanitarian initiative by Argentina, which has elicited multiple and strong international support, seeks to "end wars, especially those" stemming "from hunger, poverty, and marginalization."

The teleconference established a dialogue between Menem, Paraguayan President Juan Carlos Wasmosy, and Bolivian President Gonzalo Sanchez de Lozada, who accompanied Menem at the closing ceremony of a pilot operation mounted by the White Helmets in Santa Victoria Este.

UN Secretary General Butrus Butrus-Ghali also joined in the conversation from New York, and OAS Secretary General Cesar Gaviria from Haiti. Menem thanked them both for their support in making the Argentine proposal become a reality.

Menem emphasized that the White Helmets will also "go to Haiti, where personnel from Argentina's National Border Police are cooperating with Haitian authorities."

"Things will improve little by little until we find a solution to the problems confronting a large proportion of mankind," he added.

Butrus-Ghali underscored the importance of the White Helmets, which lies in the great emphasis placed on the need to give priority to questions pertaining to economic development.

He stressed the fact that the international community is at present turning its "attention to peacekeeping

operations," although he commented that it is not giving "enough attention to economic development."

The UN secretary general added: "The White Helmets are contributing to the economic development of all UN member states."

Gaviria thanked the Argentine president for sending the White Helmets to Haiti, and said he was sure that they will fulfill a duty "having humanitarian, social, and development characteristics."

The OAS secretary general was of the opinion that the White Helmets' actions in Haiti will constitute "a significant step" not only in "the reinstatement of democracy" but also in "reaffirming the Americas' commitment to supporting the Haitian people to rebuild their democratic institutions and combat poverty."

Gaviria, who is in Haiti participating in the 25th OAS General Assembly, commented that during that meeting a resolution was passed requesting that the OAS Secretariat send the White Helmets to Haiti with the support of the Inter-American Development Bank.

The OAS secretary general said: "I am absolutely sure that this Argentine initiative constitutes a major step forward in solidarity with all peoples, and that it will reach all continents."

He added: "It represents a major step forward in solidarity with all peoples, something that is absolutely essential at this juncture, when there are millions of human beings the world over who need humanitarian support such as this."

Paraguayan President Wasmosy expressed his "whole-hearted support" for the initiative. He declared: "Groups of people with noble intentions and a vocation for service will be helping these sister nations as of today, showing human kindness and helping provide more food and greater welfare to all our peoples."

He pointed out that the meeting with his Bolivian and Argentine counterparts was "held precisely at border marker No. 1, which is the boundary among the three countries and has now become the point at which the lofty intentions of three presidents have converged."

Bolivian President Sanchez de Lozada said that his country, "because of its poverty and needs, should be requesting the help of an initiative like that of the White Helmets." And yet, he pointed out, "sometimes it is the poor who are the most generous."

This is why he said his country intends "to cooperate as much as possible in this endeavor, because sometimes showing that one cares for those who are going through difficult times is as important as material help."

Di Tella Comments on Africa, Paraguayans, Bolivians*PY1506164195 Buenos Aires PAGINA/12 in Spanish
11 Jun 95 p 1*

[FBIS Translated Text] "We are not concerned over Africa and no one should be concerned over it. Africa is not a problem, because it does not exist for anyone." This was the first statement made by Foreign Minister Guido Di Tella at the Argentine Club of London that made the British audience members raise their eyebrows. "One of Argentina's strategic problems is that our surveys indicate that 20 percent of our population will be Bolivians or Paraguayans by the year 2020," but the racial problems that Argentines are experiencing with their neighbors are not very clear for the British.

Asked about the decision to leave the Third World country rating behind, Di Tella responded: "We want to be near the rich and the beautiful." [preceding sentence in English] Under the impression that speaking a foreign language had played a dirty trick on the minister, former Foreign Office official David Thomas asked for an explanation. Di Tella explained: "We don't want to be with horrible people." [preceding sentence in English]

'Arafat Accepts Invitation To Attend Menem Inauguration*PY1506134095 Madrid EFE in Spanish
0730 GMT 14 Jun 95*

[FBIS Translated Text] Gaza, 14 Jun (EFE) — Palestinian National Authority (PNA) Chairman Yasir 'Arafat has accepted an invitation issued by President Carlos Menem to visit Argentina, Nabil Abu Rodaina, 'Arafat's spokesman, told EFE today.

The spokesman added: "Our chairman has received this invitation with great satisfaction. Nevertheless, a date for this visit has not yet been set. We will announce this date in due time."

The invitation, a personal letter from President Menem, was delivered to 'Arafat yesterday by a delegation headed by Octavio Frigerio, the chairman of the Argentine project "White Helmets," a new civilian international organization, approved by the United Nations, that will supply humanitarian assistance to needy communities.

This would be 'Arafat's first official visit to a Latin American country as PNA chairman. Tens of thousands of Palestinian emigrants are living in Latin America.

During their visit to the Gaza autonomous strip, the Argentine delegation was accompanied by Argentine Ambassador to Israel Jose Maria Valentin Otegui.

Brazilian Industry Minister Concerned Over Trade Deficit*PY1506221595 Buenos Aires CLARIN in Spanish
6 Jun 95 p 16*

[FBIS Translated Text] One matter that concerns Brazilian Industry and Commerce Minister Dorothea Werneck is the trade deficit. She told CLARIN that during the first four months of 1995 Brazil imported 94 percent more than during the same period in 1994, while exports have grown by just 6 percent during the same period.

"Fernando Henrique Cardoso's government will continue to adopt measures to reduce the trade deficit that is in the red," she said. More items will be added to the list of products with increased import tariffs (imported cars and home appliances from countries other than Mercosur [Common Market of the South] countries now pay 70 percent tariff).

The minister said: "We will continue the tax reform. There will be changes in the exchange rate band because Brazil will never adopt Argentina's position," adding: "The Brazilian Government will tie the real to a basket of currencies, a basket that does not necessarily have to contain the dollar."

Regarding the topics she evaluated with Economy Minister Domingo Cavallo during their 30 minute meeting, she indicated that they talked about free zones in addition to the automotive sector.

The Brazilian minister said a bad legal interpretation of the Mercosur agreement means products leaving Tierra del Fuego [Argentina] for Brazil do not pay taxes, while products leaving Manaus [Brazil] for Argentina pay the Mercosur tariff. Werneck announced that Brazil will begin to charge the Mercosur tariff on those products.

Bolivia**Government Gains Majority With UCS Return to Coalition***PY1506222695 La Paz Television Nacional Network
in Spanish 1700 GMT 15 Jun 95*

[FBIS Translated Text] The return of UCS [Solidarity Civic Union] to the government coalition strengthens the ruling party in Congress, as it will achieve the cherished two-thirds.

The return of UCS to the government coalition will bring about significant changes in Congress. With this agreement the ruling party will virtually achieve two-thirds of the seats in the Chamber of Deputies. This will expedite the approval of organizational laws.

In the Chamber of Deputies the MNR [Nationalist Revolutionary Movement] has 52 deputies; the Free Bolivia Movement has seven deputies; UCS dissidents, also identified as Solidarity and Democracy Movement, has six deputies; the Hinterland Movement, headed by Julio Mantilla, has three deputies; and the Unity and Development Movement has two deputies. In addition, ARBOL [Bolivian Renewal Alternative] has one deputy who has also promised to vote for the ruling party. This means that overall the MNR and its allies have a total of 71 legislators.

With the return of UCS to the coalition, the ruling party will have 15 more deputies, which means the government coalition will have a total of 86 deputies. This is in addition to the vote of acting MIR [Movement of the Revolutionary Left] Deputy (Delmira Avilla). She temporarily replaces Guillermo Capobianco, and has declared herself independent and unofficially an MNR member.

For its part, the opposition has 43 legislators. The members of the former Patriotic Accord, ADN [Nationalist Democratic Action] and MIR, have 34 deputies: seven are from Condepa [Conscience of the Fatherland]; one from the Pachacutec Axis; and one from the Democratic Socialism Alternative [ASD].

The overwhelming ruling majority will allow the government coalition to approve all pending laws without any problems. Of 130 legislators, 87 are members of the ruling coalition and 43 are from the opposition.

Brazil

Cardoso Faces Disagreements Within Economic Team

PY1306012695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jun 95 p B1

[FBIS Translated Text] During the transition stage of the Real Plan, which will enter into its second year on 1 July, President Fernando Henrique Cardoso will have a difficult task in managing disagreements within his economic team. These disagreements, which had remained dormant since the inauguration of the Cardoso administration, came to the surface during the crisis that ensued the change in the foreign exchange system in March. They became even more tangible early this month in light of Persio Arida's resignation as Central Bank president, and last week with a proposal to limit car imports through import quotas.

The car import quota idea, which is supported by Planning Minister Jose Serra and Industry and Commerce Minister Dorothea Werneck, has frightened Finance Minister Pedro Malan. Serra and Werneck believe the car import quotas will be instrumental in controlling the

trade balance deficits and, consequently, the external accounts. Malan and Central Bank International Director Gustavo Franco consider the quotas to be a step backwards in one of the key goals of the Real Plan, the economic opening, and that they will bring more distortions than benefits.

Rather than differences of style and temper, the dispute between Serra and Malan has revealed in recent weeks that they have different views as to how to lead the Real Plan.

President Fernando Henrique Cardoso

In the dispute between Persio Arida and Franco and Malan, the president decided to keep Malan and let Arida, who tendered his resignation as Central Bank president, go. The president has not missed a chance to reaffirm his support for Malan. When he complains about Malan, he always alludes to operational deficiencies. Cardoso is a close friend of Serra's, but does not want to have him as his viceroy. To figure out the relationship between Cardoso and Serra, one must resort to psychology rather than politics.

Finance Minister Pedro Malan

Malan distanced himself from Gustavo Franco when he said that he had never advocated a large deficit in current accounts. Yet he longs for Franco. Malan maintains cordial relations with Serra. He does not fight with anyone, and refrains from openly engaging in conflicts, even over ideas. Now that the guidelines of the Real Plan have been defined, his overall position is not to do anything new, especially in the financial area.

Planning Minister Jose Serra

Serra is in an awkward position, because he is exercising more influence in operational matters rather than in making decisions. As he is the keeper of the keys to the coffers, he is believed to have perhaps more power than he truly has. He was the first and strongest critic of the overvalued exchange rate of the real, and opposes the import policy because he is convinced that imports will provoke an unpayable deficit, possibly leading to a disaster similar to that of Mexico. He has terrible relations with Franco.

Clovis Carvalho, Chief of the Civilian Household of the Presidency

Carvalho manages the meetings of the economic team. He is a friend of Serra's, but moves between Serra and Malan with great freedom. He is inclined to move closer to Serra when things are not going well in Malan's area. Because he has an office at Planalto Palace, he is the one

team member who has the greatest access to President Cardoso.

He is the only member of the economic team who has already seen how difficult it is to obtain a good balance at the end of each year, as he has served as director of Villares, an iron and steel company.

Industry and Commerce Minister Dorothea Werneck

She is the main advocate of the policy of restricting imports of cars. She thus found herself thrown into a frying pan during last week's dispute. She lost face both inside and outside the administration following the announcements on the trade balance deficit and the changes in car import duties. She was sent to Argentina early this month to discuss the import quotas system.

Gustavo Franco, Director of the Central Bank's International Department

Franco is a second echelon official, but plays the role of a first echelon official. This explains why President Cardoso treats him as a senior official. It was Franco who boldly assured Cardoso that he could launch the Real Plan in July 1994. As Cardoso was elected president thanks to monetary stability, he knows and does not conceal his gratitude to Franco. Although Franco threatened to resign if the real was devalued, he remained in office when this happened in March.

Everardo Maciel, Secretary of the Federal Revenue Secretariat

Nominated for this position by Vice President Marco Maciel, he is a technically competent bureaucrat and a smart member of the PFL [Liberal Front Party] of Pernambuco. He does not like the car import quotas for a very simple reason: He would rather collect import duties, because in this way he can report new record amounts in revenues.

Persio Arida, Outgoing President of the Central Bank

Arida has become the phantom of the opera at the meetings of the economic team. He used to form a triad with Serra and Malan, in which he usually played the role of the balancing element. Arida's departure has created a serious problem for Cardoso: He will now have to settle the differences between Malan and Serra. Arida's departure from the Central Bank was misunderstood: It first gave the impression that he was leaving as a senior "British" bureaucrat, but the truth is that he was taken down as if he were a victim in "a shoot-out in the Borel shantytown."

New Central Bank President's Policies Summarized

PY1406032195 Sao Paulo AGENCIA ESTADO in Portuguese 2209 GMT 13 Jun 95

[FBIS Translated Text] Brasilia, 13 Jun (AE) — Upon assuming the Central Bank [BC] presidency, Gustavo Loyola today ruled out the possibility of introducing immediate modifications into savings accounts, although he admitted that it is necessary to improve the Reference Interest Rate (TR). According to the new BC president, the debate over the TR is nonetheless "not urgent," and is not linked with the process of de-indexation of the economy. "Indexation cannot be mistaken for financial cost," Loyola said. He also ruled out the possibility of introducing changes in investment funds.

As he did while being questioned at the Senate, Loyola emphasized that the BC presidency changeover will not produce changes in the exchange rate or in monetary policies. "The current exchange rate bands will last for a long, long time. That period will again last a long time before it ends," he emphasized, thus confirming that the exchange rate band ranging from 0.88 reals [R] to R0.93 will be maintained. In his opinion, the policy of bands "has produced substantial balance figures, and has helped recover the reserves."

As for the interest rates, he admitted that they "are very high," but announced that "an easing of this policy should not be expected just because of the need for the BC to get rid of uncomfortable pressure." Reemphasizing his position in favor of the privatization of state banks, the new BC president remarked in connection with Banespa [Sao Paulo State Bank] that "negotiations will not be discontinued."

Loyola showed his concern about the approval by the Senate of the bill setting real annual interest rates at 12 percent. "Establishing a ceiling for the price of money strips the Central Bank of a great deal of its capacity to design a monetary policy," he emphasized. Here are the main sections of Loyola's speech and interview:

Savings — Loyola considers interesting a proposal to assign free interest rates to savings accounts. He said, however, that the measure is unfeasible because it could cause problems for home finance system contracts, which are tied to the savings accounts index. The advantage of the TR, according to him, is that "when interest rates rise, the profit margin of savings accounts is preserved." Loyola recalled that savings accounts should always have an attractive profit margin.

TR — On the Reference Interest Rate, Loyola recalled that the rate reflects the cost of money, something that differentiates it from a price index. He justified the improvement in the TR, which might lead to the

elimination of the 1 percent reducer. Even though he admitted that the reducer is meaningless, he noted that eliminating it will not be an simple task, as the profitability of securities tied to the TR will increase, producing an additional cost for those who are paying for those securities.

Funds — "Do not expect any surprises for 1 July," Loyola announced, ruling out changes in investment funds. He said that it would be inappropriate for the BC to establish new periods, which would be longer, for financial investment. Instead, he said, the BC should allow the market to spontaneously react and offer new products. "The role of middlemen might be affected," he said.

Interest Rates — "There is just one safe way toward reducing interest rates: through the final stabilization of the economy, with a structurally balanced fiscal regime," he insisted. He announced that like compulsory deposits, interest rates will be reduced in coordination with the process of slowing down the economy. "It is necessary to be conservative," he said, contending that the high interest rate policy has yielded good results.

Bill on 12 percent Ceiling — Loyola did not conceal his concern over the possibility of approval of the bill by Congress. He insisted that "there are circumstances under which interest rates must surpass the ceiling established by the Constitution. If this is not possible we will be at the mercy of monetary imbalances that could jeopardize any effort to stabilize the economy."

Exchange Rate — According to Loyola, the current exchange rate policy "is the one that best suits the ongoing stabilization plan." He gave assurances that "the intention is to maintain it for an unspecified period." He ruled out the possibility of the government returning to the previous policy, when the monetary correction was passed on to the exchange rate.

State Banks — Loyola said that it is a government decision not to return to state governments the banks under official trusteeship (the banks of Sao Paulo, Rio de Janeiro, Rondonia, Mato Grosso, and Alagoas). A privatization advocate, Loyola emphasized that this would be the best solution for those banks.

Banespa — The negotiations, which were begun by Persio Arida, continue "with no break," Loyola said. He added that so far he has had no conversation with Sao Paulo Governor Mario Covas. He said, however, that as soon as he has all the information on the negotiations started by Arida, he will expedite a solution. "The faster the issue is concluded the better," he said.

State Debts — Despite the fact that he recognized that the high interest rates have pushed up state debts, Loyola

exempted the BC from all responsibility. "The BC's duty is to care for currency stability," he emphasized. The new BC president made a point of explaining that, in connection with state debts, the BC's only concern deals with state banks being burdened by such debts, that is, about the impact of the debts on the financial health of the banks.

Consumption — Loyola said that the economy is still accelerated, but admitted that "signals have started to appear indicating a reduction" in the growth rate. He emphasized that "the BC may reconsider restrictions" on credit and on the liquidity of the economy, "as it has done over the past few weeks."

U.S. Backtracks on Position on Denver Trade Meeting Agenda

PY1506203195 Sao Paulo AGENCIA ESTADO
in Portuguese 2005 GMT 14 Jun 95

[Report by Paulo Sotero]

[FBIS Translated Text] Washington, 14 Jun (AE) — In the face of Latin American protests and the Brazilian boycott of a preparatory meeting for the hemispheric forum on trade integration, which is scheduled to be held in Denver on 30 June, the Clinton administration has backtracked and has reduced the topics of the Denver forum agenda to those agreed upon initially. The new draft declaration is more in keeping with the mandate approved by the Miami summit in December 1994, when 34 leaders of democratic countries proclaimed their goal to create a free trade area in the Americas by the year 2005.

At least on paper, Washington has given up its objective of having the interested governments liberalize their trade policies beyond the commitments they have made within the World Trade Organization (WTO) through the Uruguay Round of the GATT accords.

In sum, the United States has markedly softened up its position regarding the role assigned to environmental protection and to labor rights in the economic integration process of the Americas. The objective of the Denver meeting of foreign and trade ministers is to set the course for the implementation of the integration process.

Incidentally, the World Bank has decided to oppose the inclusion of labor clauses in multilateral trade agreements in its report on world development which, coincidentally, is to be released on the same date as the Denver meeting.

The wording of the latest version of the draft Denver declaration was negotiated early last week at a difficult meeting between the deputy chief of the U.S. Trade

Representative (USTR) office, Charlene Barshefsky, and Brazilian Ambassador to Washington Paulo Tarso Flecha de Lima. Commenting on the meeting to his aides, Flecha de Lima said: "She is tough, but I am tougher."

The Brazilian Government, which boycotted a preparatory meeting held late in May to convey its displeasure over the bulldozer method that Washington attempted to use initially to impose its agenda, wants to reduce to five the seven working groups proposed in the latest version of the USTR-sponsored declaration.

For instance, Brasilia considers it to be premature to create a working group to discuss rules for the acquisition of goods and services by governments. Brazilian officials have argued that the matter is still dependent upon changes in the Constitution and upon negotiations within Mercosur [Common Market of the South] before reaching a common policy and position.

Brazil and Argentina will probably insist on the creation of a working group to study antidumping mechanisms and compensatory rights, which the United States has used to protect some noncompetitive sectors — such as some U.S. iron and steel companies — against international competition. The initial proposal included the creation of that group, but the latest version has excluded it.

Lampreia Meets Exporters on U.S. Barriers, Patent Law

PY1506133995 Sao Paulo AGENCIA ESTADO in Portuguese 2243 GMT 14 Jun 95

[FBIS Translated Text] Rio de Janeiro, 14 Jun (AE) — Foreign Minister Luiz Felipe Lampreia today received from Brazilian exporters a report on the problems they are facing in selling their products to the United States as a result of U.S. trade barriers. Lampreia agreed to take all the issues raised by the Brazilian exporters to a meeting of the Brazil-U.S. Entrepreneurial Council scheduled for late this month in the United States.

Lampreia met with the businessmen today during a ceremony sponsored by the Association of Brazilian Exporters (AEB). The exporters have also asked the administration to make an effort to have Congress pass the patent law soon. Lampreia concurred with them regarding the urgency of the matter and conveyed his conviction that the Senate, which must vote on the draft patent law, is aware that Brazil needs a new patent law that would be consistent with the commitments assumed by Brazil, especially regarding microorganisms and chemical products.

Lampreia believes that in a year from now, the National Institute of Industrial Property (INPI) will be ready to enforce the new law, which may be approved by the Senate in September or October. The patent law issue will also be discussed at the Brazilian-U.S. bilateral meeting late this month. He added that the Brazilian administration is studying the creation of technical positions to set up a structure to protect Brazilian companies against unfair trade practices.

Chile

President Frei Will Not Attend Mercosur Summit in Sao Paulo

PY1506191395 Santiago Universidad Catolica Television Internacional in Spanish 1800 GMT 15 Jun 95

[FBIS Translated Text] The government has confirmed that President Eduardo Frei will not attend the economic summit that will be held in Sao Paulo on 19 June. The president was scheduled to attend this meeting to be held by some presidents of the Southern Cone to discuss various matters related to the Common Market of the South, Mercosur.

The meeting Frei was to attend will be held in Sao Paulo, Brazil; the president had intended to explain Chile's view on the country's economic growth at the gathering.

The Mercosur summit will gather the presidents and economic representatives of this South American area.

Analysts Link Pinochet Remarks With Frei's Trip Suspension

PY1606004595 Madrid EFE in Spanish 2126 GMT 15 Jun 95

[FBIS Translated Text] Santiago, 15 Jun (EFE) — A special prison was ready today in Chile to receive retired General Manuel Contreras and Brigadier Pedro Espinoza, sentenced for the murder of Orlando Letelier, while President Eduardo Frei suspended a trip to Brazil following remarks made by General Augusto Pinochet.

The former military president (1973-1990) and current commander in chief of the Army termed the trial "unjust." In an interview published by the Santiago newspaper LA TERCERA DE LA HORA, Pinochet said that the officers were submitted "to an 'ad hoc' trial similar to that of Nuremberg," in which Nazi leaders were tried after World War II.

Pinochet said that the trial suffered from "acute politicization" and demanded a "secure, honorable, and peaceful" detention place for Contreras and Espinoza,

though he reaffirmed that the Army will respect the ruling because "it has always fulfilled the laws."

According to Deputy Jorge Schaulsohn, president of the ruling central-leftist coalition Parties for Democracy (PPD), Pinochet's remarks place him "on the borderline between legality and contempt of court." Senator Sergio Bitar, of the same party, said that democracy has not been consolidated in Chile.

There was no official reaction in the government, but it was officially confirmed that President Eduardo Frei suspended the trip he was to make to Brazil on 18 June to attend the economic summit of the Common Market of the South (Mercosur).

Although the reasons for the suspension of Frei's trip have not been explained, the fact that the announcement was made immediately after the publication of Pinochet's remarks implies, for analysts, that the government is seriously concerned over the situation.

According to LA TERCERA DE LA HORA, Gen. Pinochet's remarks are part of a lengthier interview that will be fully published on 18 June, the day Frei was to have left for Brazil.

Meanwhile, Prison Police Chief Claudio Martinez confirmed today that the special prison for military officers that is being built in "Punta Peuco," near the locality of Tiltit, 40 kilometers north of Santiago, is ready to receive Contreras and Espinoza.

Martinez said that said the installation meets conditions in order for the prisoners to maintain "a good quality of life," in two modules of 10 rooms each, with individual bathrooms, air conditioned, television set, dining rooms, shops, and a yard.

This report coincided with the (civilian) Investigative Police announcement that retired Gen. Contreras and Brigadier Pedro Espinoza will be notified of their arrest tomorrow by officers from that institution.

Jose Sotomayor, prefect chief of the metropolitan police zone, today went to the Army Telecommunications Command, in the Santiago neighborhood of Penalolen, to notify Espinoza, but was unable to do so because the unit chief, General Hernan Reyes, was absent.

The police have confirmed that the notification will be carried out tomorrow, 16 June, as will also be the case with Contreras, who since 13 June has been at the Talcahuano Naval hospital, 530 kilometers south of Santiago, suffering a number of maladies that affected him suddenly, according to his doctors.

Commentary Examines Letelier Ruling, Contreras' Behavior

PY1506021395 Santiago ESTRATEGIA in Spanish
5 Jun 95 p 2

[Commentary by Oscar Godoy Arcaya: "Supreme Ruling"]

[FBIS Translated Text] The final Supreme Court ruling confirming Judge Adolfo Banados' first ruling, which found retired General Manuel Contreras and Brigadier Pedro Espinoza guilty for their participation in the murder of Orlando Letelier, has ended a spiraling increase in public disquiet concerning the possible behavior of the accused, of the Army, and of the government itself in relation to the ruling. This spiral was nurtured not only by the legitimate demands by individuals and groups for justice, either by confirming, increasing, or reducing the sentences established by Judge Banados, but also by intense speculation over the behavior and risky remarks made by various public figures.

It was perfectly predictable that the institutional actors in this drama would abide by the Constitution and by the law. That is, that they would act in accordance with the established order, without wavering one bit from the responsibilities and duties related to their political functions, either military or civilian. Only some minor or irrelevant demonstrations could be expected, without ruling out acts of violence by marginal splinter groups or by Gen. Contreras himself.

This spiral led certain journalists to suggest a number of possibly extreme scenarios that could have included violent actions such as suicides, regimental uprisings, or even a military coup against the political regime. Some of these scenarios, which were absolutely inconceivable, suggested that the objective internal and external conditions existed for the collapse of the political system, as if the institutional reconstruction work promoted by the military regime itself were a house of cards.

The military regime has placed the country in a position to develop a democratic, social, and economic purpose that is fully under way. The solidity of this project is an unsurmountable barrier against any possible return to dictatorial or anarchic situations, which are the only alternatives offered today by the marginal ultrarightist and ultraleftist positions. And these alternatives could hardly incite the Army or some military commands to destroy the position that regime has gained in history. Nothing would be so vain and useless as to violate the country's institutional life to protect two individuals whom the courts have declared guilty.

There are no sufficient reasons to expect events that might block or disrupt the country's development or progress. And I say so in general terms, because the spirals of disquietude concerning future events, when they are real and are serious, not only constitute political facts but are reflected in all the expressions of national life, and especially in the economy.

The Letelier case has been reduced to the behavior of retired Gen. Contreras. He has received tremendous media coverage, which has allowed us to get an idea of his strange personality, the main feature of which seems to be a strong desire to be held above the institutions, the political officials, and the judges. This, unfortunately for him, supports the idea that Judge Banados' ruling, confirmed by the Supreme Court, is just. If we leave aside his plea that neither the ruling nor the judicial proceedings have been just, his demands for a "hand-to-hand" go at the Supreme Court judges reveal a rude and arrogant mentality, lacking self-criticism, and an insolent conception of himself. I do not believe in the need to discuss further such a painful situation. In sum, retired Gen. Contreras knows that the state has the legal monopoly on coercion to force the fulfillment of the laws and the decisions of the courts.

From the events experienced over the past few days we can recover something that is tremendously positive: Reactions to the remembrance of the black aspects of our past are becoming increasingly more rational and prudent. Consequently, a great basic consensus is prevailing more and more every day, and much less so the differences that have separated us.

Commentary Views Government Attempt To Increase Taxes

PY1506024495 Santiago *ESTRATEGIA* in Spanish
29 May 95 p 3

[Unattributed commentary: "Unqualified Action"]

[FBIS Translated Text] The strategy prepared at La Moneda Palace to support a proposal by the president of the Republic to increase taxes so as to finance social plans has become a dangerous element of confrontation among several national sectors. Adopting a long-forgotten method, ministers of state have begun to subdivide the country into good and bad; rich and poor; solidarious and selfish people, depending on who supports and who criticizes the draft bill to increase taxes on gasoline and tobacco.

The finance and interior ministers [Eduardo Aninat and Carlos Figueroa, respectively] have been specially tough in their remarks. These ministers, supporting the presidential proposal, have addressed all sectors opposed to the measure. The interior minister disqualified business-

men for discussing the unsuitability of increasing taxes, stating that their "reactions are catastrophic" and that their attitude has been politicized. Likewise, the finance minister invited the opposition to "abandon selfishness" and asked businessmen to "avoid selfish and short-term calculations."

Undoubtedly, no sector in the country will agree with the president's aides because the role of businessmen in developing Chile is clear. Their profound commitment to strengthen economic growth over the past few decades goes beyond ideologies.

The path toward solving the differences the government has initiated is too far from the guidelines of unity outlined by the government. In his 21 May speech, President Frei called for "dialogue in all areas of national life." Paradoxically, dialogue has been omitted from his own government.

By contrast, other financial ways have been consistently pointed over the past few days toward solving weaknesses in the social area. Businessmen have demonstrated, with solid examples, the regression that would follow the creation of new taxes to be added to the already heavy tax burden Chileans shoulder compared to many other nations. Opposition parties have submitted concrete alternative proposals to pay for readjustments to pensions and school subsidies. The government, intransigently, has already disqualified them. In a political maneuver, Aninat said that if the proposal is not approved by Congress, it would be "a very great irresponsibility by the right."

The political administration must not now take backward steps — like tax increases — in an effort to resurface long-overcome divisions among Chileans. A minimum vision of self-criticism shows that the executive branch must seriously review its draft bill before sending it to Congress. Surely, it would be very opportune to fulfill the presidential aspiration — expressed in his recent message to the nation — to "consolidate the positive trend established by the achievements and consensus we have attained, and to unmistakably point out that which belongs to the framework of the past, the regressive impulses that thwart development."

Foreign Minister on OAS Discussions, Relations With Bolivia

PY1506212895 Santiago *EL MERCURIO* in Spanish
8 Jun 95 p C8

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza yesterday said that the governments of the Americas have recognized that Chile and Bolivia have made progress in the process to improve their bilateral

relations, and agreed that the issue of Bolivia's landlocked problem is a matter that must be discussed at the bilateral level, not the multilateral level. This remark was made within the framework of the OAS General Assembly that is currently meeting in Haiti.

The foreign minister made an emphatic confirmation of Chile's position on the subject. He said that the current borders were defined by the 1904 Treaty and there are therefore no pending problems in this area.

Asked about Cuba's rejection of OAS Secretary General Cesar Gaviria's proposal that the island must seek a broader economic and political opening in order to reenter the inter-American system, Insulza said that the former Colombian president's proposal must be analyzed with calm.

Insulza said that in fact Gaviria asked the 34 OAS members to examine whether it was desirable to let the Cold War continue to influence the decisions that are made in the continent.

Insulza said that the OAS secretary general and Chile think it is natural to seek a solution to the Cuban situation while advocating broader political and economic freedom on the island. The minister added that this does not mean we are ignoring current changes in Cuba or improvements in the area of human rights.

Minister Insulza said that if France continues to conduct nuclear tests in the South Pacific, the government will issue an official protest and will seek agreements with other governments in the region on actions to prevent such tests, which so seriously damage regional security and the environment.

Bolivia was able to include the issue of a sea outlet as a permanent topic on the OAS agenda after severing its diplomatic relations with Chile for the second time in 1978.

The same routine has been repeated every year since then. The Bolivian foreign minister submits his report on his country's so-called "maritime question," blaming Chile for such an unjust situation, and accusing it of showing little will to talk about the matter.

The Chilean foreign minister then answers that the current borders were defined by the 1904 Treaty, which was freely signed by both sovereign parties, adding that Chile supports the inviolability of international agreements, that there are no pending issues to discuss with Bolivia, and that both countries are progressing at different levels toward further integration.

The Bolivian foreign minister then replies, and the Chilean foreign minister answers, in a dialogue that in some years has been harsh and at other times — such

as when Ronald MacLean and Enrique Silva Cimma were foreign ministers — has had a more open and constructive tone.

Bolivia took advantage of the fact that Chile had a military regime to get the OAS to issue resolutions urging the Chilean Government to negotiate the issue of a sea outlet, a situation that has not occurred again since 1990, when democracy was reestablished.

Yesterday Insulza said that on this occasion some foreign ministers had expressed their satisfaction over the progress in Chilean-Bolivian relations.

"They said the issue must be resolved bilaterally by the two nations," Insulza said.

"We would have never accepted a multilateral proposal or action, because this is a strictly bilateral issue absolutely outside the jurisdiction of any international organization," Insulza concluded.

Air Force Denies Supporting Ecuador During Conflict

*PY1506180895 Santiago EL MERCURIO in Spanish
8 Jun 95 p A8*

[FBIS Translated Text] Arequipa, 7 Jun — According to Chilean Air Force (FACH) General Egidio Machuca Ramos, the FACH did not support Ecuador in the Peruvian-Ecuadorian armed conflict at the beginning of this year.

After attending the Fifth Bilateral Meeting of Chilean-Peruvian Border Garrison Commanders, Gen. Machuca said: "I categorically deny that report because it is not true."

He categorically denied this report while leaving the FAP [Peruvian Air Force] Officers' Club in the company of FAP Third Air Region Commander Gustavo Romero Herrera. Gen. Machuca added: "These rumors are very common in conflicts such as this one."

Machuca commands the First Air Brigade in Iquique. He and six other officers from the First Air Brigade attended this traditional annual meeting, which is alternatively held in Arequipa and Iquique.

Machuca stated that this military meeting will help Chilean and Peruvian officers exchange professional information that is of mutual interest to Peruvian and Chilean Air Force members who are driven by a spirit of bilateral cooperation.

Other issues included on the agenda were: air force medicine and psychology, accident prevention, training for rescue operations, use of informatics in the air force, and statistics on loss of pilots during flights.

Colombia**Loud Explosion Rocks National Congress; No Deaths**

*PA1606024595 Madrid EFE in Spanish
0154 GMT 16 Jun 95*

[FBIS Translated Text] Santa Fe de Bogota, 15 Jun (EFE) — An explosive device was set off by unidentified persons outside the National Capitol building, which houses the Colombian Congress in this city. The police reported that the device exploded causing damage and spreading panic among legislators, ministers, employees and journalists, but no deaths.

The explosion occurred at 2030 local time (0130 GMT) in a yard behind the legislative building, which is less than 200 meters away from the Narino Presidential palace, in the center of the Colombian capital city.

Foreign Minister Rodrigo Pardo and Justice Minister Nestor Humberto Martinez were at the Capitol building when the device went off. Also present was Attorney General Orlando Vasquez. No one has been identified in connection with the attack.

Martinez was present to witness the vote for the new Code of Justice.

Bomb Explodes While Congress in Session

*PA1606040795 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
0230 GMT 16 Jun 95*

[From the "QAP News" newscast]

[FBIS Translated Text] [Announcer] There was panic in Congress tonight when a medium-intensity bomb went off, causing serious damage to the building. Fortunately, no casualties were reported. Here is Richard Freddy Munoz with a report:

[Munoz] Although no victims have been reported thus far following this terrorist attack, which occurred in the rear section of the National Capitol, the damages caused by the explosion are definitely serious. The roof over the rear section of the building practically gave way as a result of the powerful blast that was registered at approximately 2025. According to the authorities, only a very powerful discharge could have caused the amount of damage we are witnessing at this moment.

A wave of panic followed the explosion as several congressmen were at the facility discussing various political issues at the time the explosion occurred. The authorities have brought experts on explosive devices to the site to survey the area in an attempt to detect whether the culprits of this attack planted other bombs.

It is too soon to assign responsibilities, the commander of the Bogota Metropolitan Police remarked a few minutes ago.

[Begin General Luis Ernesto Gilibert, commander of the Bogota Metropolitan Police, recording] A bomb exploded in the Nunez Courtyard of the Capitol. At this time, the explosives specialists of the Sijin [Metropolitan Judicial and Investigative Police] of the National Police are trying to determine the epicenter and the type and quantity of bombs used. What have we found out thus far? We know there are no human losses, only material ones. We are conducting an investigation and we will talk to some of the guards about the people they saw and see whether they can shed some light on this incident so that we may continue with the investigation. [end recording]

Second Bomb Explodes

*PA1606041095 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
0230 GMT 16 Jun 95*

[Report by Marta Lucia Avila at the capitol building from the "QAP News" newscast — live relay]

[FBIS Translated Text] [Announcer] Marta Lucia, you were at the site when the explosion occurred. Could you tell us what happened?

[Avila] We heard a huge explosion, and a large portion of the Congress building collapsed. The dust and smoke prevented us from seeing the extent of the damage. That is how we felt the moment. This is the moment when the bomb went off. A large part of the congressional building fell.

[Begin recording] [First unidentified speaker] We heard the explosion and saw a flash, but we could not tell what had happened.

[Second speaker] We felt and saw the fire flash when it exploded and we fell. The three of us fell on the floor. [end recording]

The device was hidden in construction materials lying behind the Capitol building, in a yard that faces the Presidential Palace. The building was undergoing repairs and many workers have been moving around in the area lately. Senator Piedad Cordoba had noticed several suspicious-looking people wandering around behind the Capitol. The QAP news team was covering the discussions on the new Code of Justice at the Chamber of Representatives. When the explosion occurred, the representatives sought cover. There was confusion everywhere.

There was no doubt in anyone's mind that the bomb was related to the draft in discussion, specifically that regarding dismantling of the faceless justice system. The representatives and Justice Minister Nestor Humberto Martinez have demanded an immediate report from the authorities on the incident. Despite the feelings of terror, they decided to remain at the site. They were all desperately trying to call their relatives. The police immediately set out to pinpoint exactly where the explosion occurred. It turned out to be right between the two chambers where senators and representatives were at work.

[Announcer] We have another unfortunate last minute report. The minister of the environment has just confirmed that a second bomb went off at the Bavaria Brewery building, here in Santa Fe de Bogota.

[Madrid EFE in Spanish at 0253 GMT on 16 June carries an 80-word report, datelined Santa Fe de Bogota, stating that the second bomb went off "near the Bavaria Brewery and the landmark Tequendama Hotel," adding that "the blast occurred at 0240 GMT."

President Condemns Bomb Attack

PA1606041295 Santa Fe de Bogota Inravision
Television Canal A Network in Spanish
0230 GMT 16 Jun 95

["Communique" issued by Colombian President Ernesto Samper in Santa Fe de Bogota on 15 June; read by "QAP News" newscast reporter]

[FBIS Translated Text] [No beginning number as heard] This action calls for the National Government's strongest repudiation and should be condemned by all Colombians. We will not allow those who want to sow fear in the country to continue to advance their objective. We will strongly and firmly combat any such threat.

2. It is clear that the action was meant to disturb the normal conclusion of the legislative session, calculating that the possible suspension of the legislature's work could prompt the national and international public to view the country adversely.

3. I express my wholehearted solidarity with the Congress of the Republic in these moments. I laud the congressmen's decision to continue meeting to work on the pending legislative agenda, which includes initiatives that are very important to the country. This determination does honor to the Colombian parliament's democratic tradition.

4. The Bogota Police Department and the security organizations have taken the necessary measures to ensure that the Congress of the Republic can work

normally. Such measures have already been reported to the Congress president.

ELN Guerrillas Claim Responsibility

PA1606042195 Paris AFP in Spanish
0312 GMT 16 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 15 Jun (AFP) — The rebel National Liberation Army (ELN) has claimed responsibility for planting the bomb that partially destroyed the Colombian Congress building this evening, describing it as "a political, military action of punishment against the enemies of the people and workers."

In a communique, found in a garbage container in northern Santa Fe de Bogota by an AFP reporter, after receiving an anonymous telephone call, the ELN states "this action shows our firm rejection of the criminal policies that the narco-bourgeois government has implemented in the entire national territory."

Likewise, it mentions massacres, tortures, and assassinations of civic leaders, blaming "military intelligence."

After noting the state's "disregard" for the demobilized guerrillas, the ELN communique ended by calling on all Colombians "not to give up, to resist, and to defeat all the social pacts, which only help capitalists get richer."

The bomb blew up inside the Congress building, in downtown Santa Fe de Bogota, without killing anyone, but slightly injuring a few and inflicting property damage.

The explosion occurred at the Rafael Nunez patio, between Congress grounds and the Presidential Palace. It shattered the windows of the nearby San Bartolome School.

According to the first reports at the site, the explosive device damaged the Boyaca Room and the so-called Office of Laws, breaking windows, which caused minor cuts on some people, while an employee showed early symptoms of a heart attack.

The blast, which went off at 2048 local, when the two chambers were holding sessions separately, caused panic among congressmen, who in a state of bewilderment dove for the floor taking cover under chairs and desks, while others ran for an exit.

The debate, which was attended by Justice Minister Nestor Humberto Martinez, was suspended as a result of the attack, after which the building — which stands tall in the Bolivar Plaza — was evacuated. This plaza is the largest in the capital and is located next to the mayor's office and the Santa Fe de Bogota Cathedral.

Policemen and firemen immediately appeared at the scene to control the situation, which was normalized 20 minutes after the blast, when the police and bodyguards of congressmen cordoned off the perimeter around the building.

Special conterexplosive agents combed the rooms and hallways searching for other explosive devices, under the command of General Luis Ernesto Gilibert, director of the Metropolitan Police.

The justice minister and leaders of Congress affirmed that they will not be intimidated by terrorism and that the closing of the current legislature will be held as scheduled this Friday, starting at 1000.

This attack follows the one last Saturday in Medellin during a popular celebration, which left 28 people dead and over 200 injured. This attack was attributed to a faction of the popular militias at the service of an unspecified group of drug traffickers.

Congress President Comments on U.S. Ties

PA1506173495 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 15 Jun 95

[Interview with Colombian Congress President Juan Guillermo Angel by News Director Dario Arismendi at the Caracol Network studios in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arismendi] Colombian Congress President Dr. Juan Guillermo Angel, who returned to the country last night from the United States, is with us at the Caracol studios this morning at 0703. Good morning, Dr. Angel. How did it go?

[Angel] Fine, Dario.

[Arismendi] What atmosphere did you find in the United States following the Search Bloc's capture of Gilberto Rodriguez Orejuela?

[Angel] Generally speaking, good. You will be surprised to learn that at the U.S. Congress there are people very well informed about what is happening in Colombia, but also people who are in the clouds and have no idea of what is going on.

The truth at the U.S. Congress is that bills are eventually passed simply because of camaraderie or solidarity. There are people there who have no idea of what is happening in Colombia.

[Arismendi] At what level were your contacts? Did you have the opportunity to speak with Senator Jesse Helms?

[Angel] No, but we spoke with his colleague Senator Connie Mack, who is from Florida, and therefore more

sensible than any North Carolina senator about what Latin Americans think.

We also spoke with U.S. representatives. Some of them are important friends of Colombia. We spoke with the leader of the Democratic Party bench in Congress, Senator Dodd, and Representatives Torricelli, La Garza [name as heard], and the Cuban-born representative from Florida.

We also had contacts with Senator Dole's top aides. Therefore, we had the chance to speak with many Republicans, their organizations, and their people. We spoke with seven U.S. congressmen. As I see it, this was a very important visit.

I was surprised to see how little we have done to inform and maintain a relationship with the U.S. Congress. We pay dearly for this because of the bumbling of some who believe that by punishing Colombia they will resolve the United States' narcotics problem.

[Arismendi] Should we infer from what you have said, Dr. Angel, that we need to strengthen the presence of the Colombian Government, as well as that of other Colombian institutions, in the United States, and perhaps even expand the working agenda of the Colombian Embassy in Washington to ensure that U.S. congressmen and officials are better informed about the true situation in Colombia?

[Angel] I do not think this is the road to take. This is the impression I have right now. I think the State Department-Foreign Ministry path has been exhausted. I think we have to look for ways to provide information to the U.S. Congress. The U.S. Congress is not very dependent on the executive branch.

[Arismendi] Would this be a Congress-to-Congress or a Colombian Executive Branch-to-U.S. Congress endeavor?

[Angel] I do not think the Colombian Embassy's performance in Washington has been bad. I think it has been working. When we discuss it, we speak about how well it has done. Nevertheless, I think this channel has been greatly exhausted.

[Arismendi] Regarding a domestic issue in which you are not involved because you have been out of the country, the impasse on faceless justice is looming. It virtually depends solely on the Chamber of Representatives. We have seen confrontations regarding congressional work in recent days. This morning we have talked about differences between Congress and the finance minister over tax reforms; between Congress and the Colombian media over interpretations of Article 33 in the so-called anticorruption decree; and between Congress and the

mines and energy minister over the blackout. Now, the confrontation is over justice. What do you think about this?

[Angel] Congress exists to represent the broad range of opinions of all the Colombians. Apparently, Congress is good when it supports the interests of other branches, but when Congress wants to look at something in detail, then Congress ceases being viewed as good.

I think Congress can make mistakes. It has probably made many mistakes, but it is a vital element of democracy.

I do not know whether the Colombians are really willing to pay more taxes, or whether Congress is interpreting the will of the Colombians in opposing the tax reform bill.

Regarding faceless justice, I did not participate in that debate. We have to look at both sides of this coin. It is a most powerful weapon against the most powerful criminals, but it also could be a powerful weapon against innocent citizens. This is why it must be examined carefully, and we must see what the Colombians think about this.

U.S. support is a very important argument for me, and it would be grave if it were to wane. I asked U.S. congressmen: Would you vote for a law that calls for faceless judges? They said: No way.

We Colombians have adopted this as an emergency measure, but we must realize this violates individual rights. I do not know all of the elements of the debate, and for this reason I cannot give you a more detailed opinion. I believe that things are not black or white. There is some gray, and this is why there are deliberative bodies such as the Colombian Congress.

[Arismendi] You are saying faceless justice is a necessary evil. Would it be suitable for Congress to pass legislation to revise it or to have a test period?

[Angel] I think faceless justice is a necessary evil that violates individual rights. Worldwide, it only exists in two or three countries. This is a temporary situation. It cannot become a standard or a habit. The letter former Prosecutor Gomez Mendez sent to EL TIEMPO last week is thoroughly shocking. After being questioned and pressured by a faceless judge, it was later disclosed that this same judge was an official whom Gomez Mendez, as prosecutor, had dismissed.

Faceless justice sounds good, but when we view it in human terms, we find that it can serve corruption and evil. It could become a dangerous weapon. I admit this is a lethal weapon, a very powerful weapon against powerful criminals...

[Arismendi, interrupting] What about eliminating it right now?

[Angel] In my opinion, it would be bad to eliminate it right now, but I would not like to see it permanently in Colombia either.

Ecuador

Military Airlines to Commence Flights to Cuba
95SM0365A Quito EL COMERCIO in Spanish
12 May 95 p A10

[FBIS Translated Text] The Ecuadoran Military Air Transport Company (TAME) has begun a new stage in its commercial operations. It will operate four international routes, with flights to Cuba, Panama, Costa Rica, and Chile for the transportation of passengers, cargo, and mail.

In February 1994 TAME presented to the National Aviation Council a formal request for the approval of the international routes. A request was made to allow it to fly to Argentina, Brazil, Mexico, the Dominican Republic, and the United States.

The problems involving the Ecuadoran Aviation Company and the requirements of other companies have led to a delay in the approval of the new routes.

TAME has a period of 180 days to begin flying the routes to Cuba, Panama, Costa Rica, and Chile, on the basis of the operating permits issued by the National Aviation Council.

In addition to the new international frequencies TAME also offers border flights to Colombia. This bilateral agreement has brought notable advantages for the users of this service.

Ticket prices will be reduced significantly and may amount to \$80 for the round trip from Esmeraldas-Cali-Esmeraldas or Tulcan-Cali-Esmeraldas, and vice versa.

Julio Espinoza Pineda, the executive president of TAME, has stated that the flights to Argentina and Chile, which have been operated in conjunction with SAETA [Ecuadoran Air Transport Services] since June 1994, flying the routes of the Ecuadoran Aviation Company, will continue until that company resumes operations and requires the air frequencies which are now used on a loan basis.

TAME now operates with eight jet aircraft, and is renting three more aircraft from the Ecuadoran Air Force for intermediate routes.

The new legal situation of TAME was recognized in 1990 under Law 104, which confirms and authorizes its

legal identity and allows it to have its own property and administrative autonomy.

The law defines TAME's relationship with the Ecuadoran Air Force as that of an assigned, state owned aviation company.

Japanese Credit for Hydroelectric Project

95SM0365B Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 28 May 95 p 1

[FBIS Translated Text] Quito—The Japanese Government has extended a loan to Ecuador for \$100 million.

The loan will be used by the Ecuadoran Electrification Institute (INECEL) to complete the electrical power generation aspects of the Paute Project.

With the proceeds of this loan the construction of the B-2 phase of the Paute Hydroelectric Project will be completed.

The loan extended to the Ecuadoran Electrification Institute (INECEL) is derived from the Overseas Economic Cooperation Fund which the Japanese Government administers to strengthen relations of friendship and cooperation with foreign countries.

Specifically, the loan provides development funds approved by the Japanese Government in June 1993. The loan will be amortized over 30 years, including a 10 year grace period, with an interest rate of 3.0 percent annually.

The Japanese Government considers that the implementation of the B-2 Subtransmission Phase of the Paute Project will help to resolve the critical problem of electricity in Ecuador.

Indians Demand Participation in Reforms, Elections

95SM0365C Quito EL COMERCIO in Spanish 14 May 95 pp 1, 2

[Article: "Politics: CONAIE Exerts Pressure; Indigenous People: Once Again the Scenario" — first paragraph is editorial introduction]

[FBIS Translated Text] The indigenous people of Ecuador are demanding the right to participate in constitutional reform. The CONAIE [Confederation of Indigenous Nationality Groups of Ecuador] is accelerating the pace. It is looking toward reforms. With this in mind it has resumed contact with Congress. The elections of 1996 also interest it. In June it will set out its strategy.

The Confederation of Indigenous Nationality Groups of Ecuador (CONAIE) has two objectives in sight:

participating actively in the last stage of constitutional reform and in the 1996 elections.

To achieve their first objective, they have gone twice to Congress in a period of less than two weeks. They demanded that Congress take action to implement the offer made by the president of parliament, involving the recognition of all of the draft constitutional reforms. It is not clear what the position of the political parties in Congress will be on this issue.

Regarding elections, the CONAIE has a clear position: to present its own candidates for the various regional bodies. Little by little the indigenous people are taking part in the electoral process, but with candidates of the people having no political affiliation. The CONAIE has issued a call for the establishment of a political alliance, but without the participation of the political parties.

The indigenous people have again jumped into the headlines. The Confederation of Indigenous Nationality Groups of Ecuador and, in general, the indigenous people's movement, are once again a part of the national scene.

In less than two weeks their representatives have visited Congress twice. Furthermore, they have announced their intention of participating actively in the next elections.

Apparently, the indigenous people's movement has matured sufficiently to have leaders and to participate more actively in political life. This is happening at a time when political activity in the country is at the boiling point. The indigenous people do not want to miss the train.

Is this why they visited Congress? In the handling of constitutional reforms their proposals, presented almost six months ago, were not taken into account. When parliament began to consider constitutional reforms in 1994, Heinz Moeller, president of Congress, stated that all of the proposals presented would be considered when the matter is debated.

According to Jose Maria Cabascango, a CONAIE leader, constitutional reforms were considered only in connection with the drafting of the proposal made by the president.

One of the most critical points of the reforms which have been approved is the question of having more than one nationality. Under the reform proposal now under consideration Ecuador would become a multicultural state. The indigenous people insist that it must be a multinational state.

Furthermore, they ask that all of the indigenous languages should be recognized as official. According to

the present reform proposal, these languages would be recognized, but they would not be official languages. The defense of the social security rights of farmers is also an important matter for them.

In their second attempt to discuss the reforms they were received by the Commission on Constitutional Affairs. Nothing resulted from this meeting.

At the same time a new strategy of political participation has been adopted. At a meeting held between 27 and 29 April in Pujili, the CONAIE approved the active and direct participation of its members in the 1996 elections. At this meeting more than 100 delegates of all indigenous nationalities were present.

One of the reasons for this decision was that the present political system is not considered democratic. In the view of the indigenous people democracy is built from below. They consider this is a strategic and long term process.

That was an idea which had been developing since the last National Congress of the organization was held in Puyo in December 1993. This National Congress set as a condition the approval of constitutional reforms.

The directives adopted are to participate in the electoral process of 1996 as a people, without alliances with any political party. This is a definitive course of action which has been adopted. It has been stated that, "Alliances with political parties are not possible. We have always been criticized for our party activities, in particular." o73 Nevertheless, an alliance is open to other social sectors, such as farmers and organizations of women, youth, and workers.

Another decision was also made to participate only in elections for positions in regional governments, but "not at the national level and not for the position of deputies in Congress. Participation will take place as far as possible within each canton and community. Not all of us have the same ability."

Cabascango, a CONAIE leader, has stated that, "We consider this a process of developing experience, of entering the area of public power, and of being able to denounce what we do not approve of. This is a means, rather than an end."

The CONAIE leader also stated that the organization should not build up false hopes in the various indigenous communities, since this is a long term process of struggle.

He explained that, in taking this action, the question of power has been analyzed in depth. He said: "Alternative power is developing in indigenous communities and organizations."

He continued: "Government exists to exclude people and to subjugate them. On the other hand it is going to ensure that we will present certain ideas, such as the rights of territoriality, acceptance of indigenous medicine, education, and scientific support for the existence of diversity among indigenous nationalities."

He said: "What are the communities doing to carry out and implement this project? The CONAIE has prepared a map of the indigenous communities. It contains their location and size, among other things."

He added: "So as a function of this information and of discussions in the CONAIE assembly, candidates will be designated. The provinces with the greatest indigenous people's strength are Chimborazo, Imbabura, and the Amazon provinces."

He concluded: "The strategy of participation will be set out around the middle of June, at a workshop which CONAIE will organize."

Peru

Judiciary's Plight for Higher Pay Examined

95SM0355A Lima CARETAS in Spanish 25 May 95

[Received via Internet]

[FBIS Translated Text]

Upper- and Lower-Level Judges

The concern in the courts is not limited to the wage issue. Both judges and magistrates are demanding that the higher courts show solidarity and consistency.

For those who believe that the new era has reached the judicial branch, it should suffice to note the wave of protests sweeping through the courts and jurisdictions, revealing that little progress has been made and that the same old evils still exist. The salaries earned by the magistrates are low, and despite the constitutional mandate, the executive branch is looking the other way. The virtual strike on Tuesday was a first warning. And the appeals filed with the Supreme Court represent more than the sounding of an alarm.

One of the first steps taken with a view to exerting pressure by the National Association of Court Personnel, of which the judges in all categories are members, was the convocation last Tuesday of a plenary session of the higher magistrates and a judges' meeting. This was a way of concealing the real meaning of this step—a strike by the court personnel.

The magistrates are demanding that their salaries be brought into line with those of the parliamentarians, as the Constitution provides.

Another factor that lit a fuse among the court personnel was the promulgation by the Supreme Court of Administrative Resolution 004 last 17 January. In that resolution, Moises Pantoja Rodolfo, the president of the Supreme Court, ordered an increase in the salaries of the members of the high court to bring them into line with the salaries of the members of the Congress.

This would mean a salary of 6,435.19 soles for each of these individuals, retroactive to the month of October 1994. Each February pay envelope contained the sizable basic sum of about 32 thousand soles.

This step cannot be criticized in itself, since the spirit of the constitutional mandate called for adequate compensation for the judges—particularly if what is wanted is a judicial branch free of temptation.

For the other magistrates on the lower levels (lower courts), however, this step appeared irritatingly egotistical, since they have received no correlative or proportional increase.

A judge or prosecutor in one of the higher courts should be receiving 90 percent of the current salary paid a Supreme Court judge. But they have been receiving only 2,400 soles. Prior to the promulgation of Resolution 004, the Supreme Court judges were earning an average of four thousand soles.

A provincial judge or prosecutor should be receiving 80 percent of the salary of a Supreme Court judge, but those in these positions have been earning only 1,600 soles. Justices of the peace are entitled to 70 percent, but have been receiving only 1,200 soles. A court reporter or relator should be receiving 55 percent of the salary of a supreme court judge, but these employees are currently earning only 1,000 soles each.

The president of the National Association of Court Personnel, Prosecutor Luis Garcia Villena, was assigned the task of presenting the complaints of the members of his association to Moises Pantoja. He was accompanied by a delegation representing the personnel on all levels of the hierarchy.

Pantoja told them that every recourse was being explored, and that they should not lose heart in their efforts to secure an increase. He said that to date, nothing has been obtained but a promise from the MEF [Ministry of Economy and Finance] that gradual, quarterly adjustments will be made until the salaries reach the level of constitutional approval.

Pantoja himself surprised the magistrates when he told them in a roundabout way that he too was faced with a dilemma—whether to resign, or to live on his salary.

"Fortunately, I have a family member abroad who gives me economic assistance," he is reported to have added.

The magistrates responded in jocular fashion that most of them do not have families abroad, and that the salaries they are being paid do not suffice for their needs. Nor, they added, is this the time for resignations.

The petitioners pointed out to him that five magistrates recently appointed to the Board of Honor have already been forced to resign due to economic pressures.

And a substantial number of the judges say that they are hoping the salary increase will become effective—because otherwise, they would prefer to look in other directions. "It makes no sense to have had competitions resulting in appointments for the winners, only to have an exodus from the judicial branch now," one of them said.

A member of a higher court commented, for his part, that if he were a litigator and spent only a few hours a week on a pair of cases, he could double his present earnings as a member of the judiciary.

Judges Go to Court

A fact that is not well-known is that the judges themselves have been turning to the courts to obtain recognition of their rights. Thus a number of petitions for relief have been filed with the courts. The question is whether any colleague would be inclined to deny them. Already the 27th Civil Court and the Fourth Civil Chamber have ruled in favor of salary adjustments. However, the executive branch is failing to implement the court judgments.

Although this might not have been the best method, the salary battle has in practical terms led the judicial branch to defend its autonomy and to demand, in a tone that cannot be ignored, that the executive branch begin to act accordingly.

The officers representing the magistrates talked with Vice Minister of Treasury Alfredo Jalilie, one of the most experienced and strictest government officials in budget matters. He promised to support them, but admitted that the funds intended to cover their increases had been used for the financing package allocated for the conflict with Ecuador.

The magistrates also addressed themselves to President Alberto Fujimori to point out to him the just basis for their demands. However, the chief executive has chosen to keep silent thus far.

Roberto Keil, the administrator for the judicial branch on the Supreme Court level, is weary of knocking on the door of the office of the minister of economy. And the

Executive Council itself, not wishing to be left behind and believing that ritual would serve its purpose, drafted an emergency decree that was sent to the prime minister and minister of foreign relations, Efraim Goldenberg. It was suggested that the formula devised for incorporating the income from the rate increase not in the Treasury assets, but in the funds of the judicial branch itself, would make it possible to cover 50 percent of the salary increase.

The concept of urgency in the executive branch is indeed different. The judges' proposal is sleeping the sleep of the just. Even the man who was Fujimori's teacher does not know how to teach him good manners now.

Uruguay

President Sanguinetti's First 100 Days Evaluated

PY1606015895 Montevideo EL OBSERVADOR
in Spanish 8 Jun 95 pp 3-4

[Article by editorial staffer Alfonso Lessa]

[FBIS Translated Excerpt] With measured satisfaction and with the expectation of being able to carry out its main objectives during the first year, the administration headed by Julio Maria Sanguinetti is today passing through the imaginary barrier of its first 100 days. The administration believes that it has progressed well, but is also aware that it still has a lot to do, and therefore must continue to make an effort to maintain the delicate balance that gives strength to the coalition that maintains it.

"We have arrived at this point with our shoulders tired from rowing, our hands tired from massaging, and our legs tired from pedalling," said an important member of the official sector to EL OBSERVADOR, in evaluating the initial period of the administration and referring to the efforts that have been made to govern, especially when one does not have a majority.

Having enjoyed an initial period with political support unmatched in many years, and distant from party or union turbulence, though on the eve of the first general strike the administration has been able to promote its main projects and generate expectations in the business sector, which believes, however, that matters are moving too slowly.

The Culminating Point

The sending to Congress this week of the social security bill, with the support of the sectors of the Colorado and Blanco parties, was for the government the culminating success of its strategy. The fact that it was Labor Minister Ana Lia Pineyrua, the Rocha

Department representative on the cabinet, who was charged with promoting the bill is a symbol of these times of coalition. When in 1990 Luis Alberto Lacalle could not achieve a coalition, and tried to achieve a national agreement, the National Rocha Movement was one of the main opponents of fiscal readjustment and of the reform of the social security sector, topics that were also being discussed at that time during the first 100 days of the Blanco party administration.

With the fiscal readjustment already being implemented, with the agreement that has been achieved on the reform of the social security sector, with the partial approval by Congress of the bill on the security of the citizen, with the transforming of PLUNA [Uruguayan National Airlines] into a mixed economy enterprise, and with the initial stage of the educational reform carried out through the naming of its authorities, Sanguinetti hopes to carry out the promises that he made in his 1 March address.

The Commitments

On that occasion he promised that he would achieve this year a constitutional reform and political parties law to obtain greater internal coherence and discipline; would regulate internal decisionmaking in order to act in step with the other Mercosur [Common Market of the South] countries; would approve with "determined spirit" a reform of the educational sector by redefining the roles of each of the sectors of education; would make a great effort, together with the other branches of government, to improve public security; would approve within "the next few weeks" a profound reform of the social security sector; and would undertake a transformation of the productive sector so that the country can produce more and better products and thus grow outwards.

Although everything seemed to indicate that the political reform would be one of the topics achieving quick consensus, differences regarding aspects such as a single presidential candidacy and balloting continue to postpone the agreement. Regarding education, the naming of the authorities has created positive expectations, even within leftist sectors of the Broad Front.

There are those in political and productive circles who recriminate the government for having put to one side one of the main points of the election campaign, the problem of the exchange rate, and because it is maintaining a policy that was used by the Blanco Party. The unions are questioning fiscal reform and what they consider a lack of measures to carry out the promise to stimulate employment. [passage omitted]

As far as Sanguinetti is concerned, the transition to democracy that characterized his first presidency, to-

gether with the discussions about the external and internal debt and the first decisions regarding banks under official management, are problems of the past. Opposition to Lacalle's administration is also something pertaining to the past, though it continues to bring forth bad memories within the Blanco Party. Upon assuming his second presidency this year, Sanguinetti said that he could expect nothing more from public life. For those who have confidence in him, this was the signal that he is going to work with no other aspirations than to give the country a healthy management. Those who do not support him watch him through half-closed eyes, thinking about a trial that will last more than 100 days.

Any Measures Against Mercosur Agreements To Be Rejected

*PY1506193895 Madrid EFE in Spanish
1756 GMT 15 Jun 95*

[FBIS Translated Text] Montevideo, 15 Jun (EFE) — The Uruguayan Government, which is still assessing the impact of the Brazilian decision restricting car imports, today rejected any type of measures that are against Common Market of the South (Mercosur) agreements.

Industry Under Secretary Julio Herrera told a local radio station: "Uruguay respects the decisions made by its Mercosur partners, but also requires compliance with the agreements achieved within the Mercosur, those included in the Asuncion Treaty, by which the bloc was established, and in the Ouro Preto Agreement that was signed in December."

Herrera pointed out that there is a "fundamental" clause in the Ouro Preto Agreement, pointing out that any measure subsequently taken by the governments cannot go against trade increases among the partner countries.

There are no automobile manufacturing plants in Uruguay, but a components industry and plants for assembling cars that are subsequently exported to Argentina and Brazil.

The Brazilian Government announced on 13 June the establishment of a quota system for car imports, restricting purchases to 100,000 units until the end of the year.

The quota system, favoring multinational automobile companies with plants in Brazil and affecting the largest Argentine assembly plants, has been criticized by Argentine President Carlos Menem, who even threatened not to attend the Mercosur summit scheduled for next week in Sao Paulo.

Venezuela

Colombia Authorizes Extradition of Drug Trafficker

*PA1306175895 Caracas Venezolana de Television
Network in Spanish 1550 GMT 13 Jun 95*

[From "The News" newscast]

[FBIS Translated Text] The Colombian Government has authorized, after a wait of many months, the extradition of drug trafficker Larry Tovar Acuna to Venezuela. This decision was perceived in diplomatic circles as a contribution to the improvement of bilateral relations. The Venezuelan Foreign Ministry and the Venezuelan Justice Ministry will work out details for the transfer of Tovar Acuna.

At the Colombian Embassy in Caracas, "The News" team has heard details of the much awaited and polemical extradition:

[Begin recording] [Unidentified reporter] What were the arguments the Colombian Presidency has considered in deciding to send Larry Tovar to our country and not to Italy or the United States, which had also made similar requests?

[Colombian Ambassador Francisco Posada] Evidence supplied by the three governments was studied, this individual's nationality was taken into account, and the date the request for extradition was presented. [end recording]

Colombian Ambassador Francisco Posada has commented further on the extradition of Larry Tovar Acuna, because he believes there was neither delay nor negligence. He has said that when switching the legal term deportation for extradition, evidence has to be supplied and the Venezuelan Government has supplied this evidence to Colombian authorities on 11 April. Likewise, Larry Tovar Acuna's defense first argued that he was a Colombian citizen and then argued he had been pardoned. Each case had to be refuted:

[Begin recording] [Reporter] From the operational viewpoint, what does our country have to do now to carry out this extradition at last, in other words, that Larry Tovar Acuna be detained here in our country?

[Posada] The appropriate authorities, in this case Colombia's Justice Ministry and the Prosecutor General's Office, have to turn this individual over to the DAS [Administrative Department of Security] authorities and they in turn to whatever authority the Venezuelan Government specifies. [end recording]

Government Expels Hugo Chavez' Argentine Adviser

PA1506193695 Madrid EFE in Spanish
1528 GMT 15 Jun 95

[FBIS Translated Text] Caracas, 15 Jun (EFE) — Official sources have confirmed that the Venezuelan Government has expelled Argentine Norberto Ceresole, adviser to former coupist officer Hugo Chavez, for meddling in the country's domestic policy.

Defense Minister General Moises Orozco said the measure "is fully justified" because, he added, "foreigners have to be cautious" and "respect the country's institutional."

"If this is not the case, the government has the legitimate right to take measures," Deputy Interior Minister Raul Dominguez said.

Ceresole's expulsion took place amid an intense controversy caused by Chavez, who has charged that two sons and a son-in-law of President Rafael Caldera are involved in an alleged plot to assure themselves control of the country through unconstitutional means in case the 78-year-old president dies or is physically unable to hold office.

The official report indicated that Ceresole was detained on Wednesday by members of the Military Intelligence Directorate (DIM), in whose offices he was questioned for 10 hours. From there, he was taken at night to the Caracas International Airport and placed on a flight to Brazil.

Chavez Condemns Deportation

PA1506203995 Mexico City NOTIMEX in Spanish
1504 GMT 15 Jun 95

[FBIS Translated Text] Caracas, 15 Jun (NOTIMEX) — Retired Lieutenant Colonel Hugo Chavez, accused of planning a military coup in Venezuela, today condemned the expulsion from Venezuela of his political adviser, Argentine Roberto Ceresole.

Chavez said a "gross campaign" is being waged against him by Venezuelan authorities, and he declared the "arrest of Ceresole was a staged event."

Ceresole was arrested yesterday at 0900 (1300 GMT) by Venezuelan police and was interrogated for 10 hours, after which he was deported. Last night police officers transferred Ceresole, who was handcuffed and under heavy police protection, to the Simon Bolivar International Airport in Caracas, where he put on a Varig Airlines flight to Brazil.

Ceresole was accused of advising Chavez to orchestrate a national and international campaign against the Rafael Caldera administration. Chavez vowed that the Ceresole case will be brought before international human rights organizations.

The retired officer was accused last week of planning military action to execute a "self-inflicted coup" [as received] against the Caldera family in the event that president becomes disabled because of "physical and political exhaustion."

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